Daily Report

Latin America

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FBIS-LAT-95-028 *10 February 1995*

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Peace Talks Resume 9 Feb at Vice Minister Level

PY0902172795 Madrid EFE in Spanish 1553 GMT 9 Feb 95

[FBIS Translated Excerpt] Brasilia, 9 Feb (EFE)—The vice foreign ministers of Ecuador, Peru, and the guarantor countries—with the exception of the United States—will today resume the negotiations, which have been downgraded in Brasilia to give a greater support to the process, although they have not been given a time limit to achieve a peace agreement [passage omitted]

Between 6 and 8 February, Ecuadoran Vice Foreign Minister Marcelo Fernandez and Peruvian Vice Foreign Minister Eduardo Ponce met in Brasilia with the ambassadors of the guarantor countries and with Brazilian Vice Foreign Minister Sebastiao do Rego Barros.

During a meeting on 8 February at Itamaraty Palace—the Brazilian Foreign Ministry—it was decided that the negotiations should remain at the level of vice foreign ministers, with the United States being the only exception due to the important commitments that now face Assistant Secretary for Inter-American Affairs [Alexander F.] Watson.

The U.S. delegation will be headed by Mervin Levitsky, the U.S. ambassador to Brasilia.

The long negotiations in Rio de Janeiro occurred during the night and nearly always concluded during the early morning, and it is expected that another similar round of talks will begin here.

The objective of this new stage is not to rest until at least a cease-fire has been achieved. The discussions will be based on a document that was drafted in Rio de Janeiro and which has not yet been approved due to disagreements on the specific point of demilitarization, which has only been accepted by Peru.

The parties have already agreed to the other points contained in the document. They deal with the cease-fire, the demobilization of troops, the participation of the guarantor countries in the process, and the seeking of mechanisms to resume dialogue.

"We will continue the efforts that we have been making in this laudable purpose of returning to a situation of peace and co-existence between our countries," the Peruvian diplomat said.

The Ecuadoran vice foreign minister stated today that although the talks are returning to the level they had in Rio de Janeiro, this does not mean the support level has changed.

Fernandez indicated that it is to early to say if the Peruvians have rejected the amendments submitted by Ecuador. The matter is still under discussion because they put it on the table and the pertinent consultations are being made. [passage omitted]

Brazilian Official Reports Good Atmosphere

PY0902234095 Lima Radio Programas del Peru Network in Spanish 2221 GMT 9 Feb 95

[Live telephone interview with EFE correspondent Jose Guillermo Herrera in Rio de Janeiro by "News of the Airways" program reporter Alvaro Ugaz in Lima]

[FBIS Translated Text] [Ugaz] Good afternoon here in Lima. It is already night in Rio de Janeiro.

[Herrera] Good evening from Rio de Janeiro. The talks between Peru and Ecuador were resumed after 1800 in Brasilia. There is no information on any progress in the negotiations. The deputy foreign ministers of Ecuador and Peru are taking part in the meeting. Brazilian Deputy Foreign Minister Sebastiao do Rego Barros told the media a few minutes ago that the talks continue in an good atmosphere, but that the parties have not yet reached any agreement. He did not report if any other amendment has been presented by the Ecuadoran delegation, which was the one that rejected the latest draft peace agreement submitted by the guarantor countries.

[Ugaz] Are all the members of the guarantor countries participating in the meeting? I mean the ambassadors of Chile, Argentina, and the United States?

[Herrera] The information we have now is the following: The officials attending the meeting are the deputy foreign ministers of Peru and Ecuador, an adviser of the Argentine Foreign Ministry, an adviser of the Chilean Foreign Ministry, and the U.S. ambassador in Brasilia on behalf of the United States.

[Ugaz] He is Melvin Levitsky. This confirms that the ambassadors of Chile and Argentina are not present. Their Foreign Ministry advisers are participating in the negotiations. One last question. You were present at the meetings in Brasilia, and also at the initial meetings in Rio de Janeiro. How did the negotiators look when they entered the meeting, or when they gave any information? Did they show any sign that might indicate that things were going on the right path? Or is there a confirmation of what Sebastiao do Rego Barros said, that there is still no understanding between the deputy foreign ministers of Ecuador and Peru?

[Herrera] It cannot necessarily be said that there is an optimistic environment in the Brazilian Foreign Ministry, but it can be seen that the people taking part in this new round of talks have a better spirit for reaching a prompt agreement. Do Rego Barros said this afternoon that the return of the talks to the level of deputy foreign ministers shows that the parties are interested in reaching a cease-fire as soon as possible, because it is higher than the ambassadorial level.

[Ugaz] Have they been meeting for approximately over two hours?

[Herrera] Approximately two and a half hours.

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[Ugaz] That was a report by EFE correspondent Jose Guillermo Herrera from Rio de Janeiro regarding the third meeting of the Peruvian and Ecuadoran deputy foreign ministers in Brasilia, in an effort to reach an agreement through the mediation of the guarantors of the Rio de Janeiro Protocol.

Ecuador Proposes 'Humanitarian Truce'

PY0902234995 Lima Radio Programas del Peru Network in Spanish 2320 GMT 9 Feb 95

[From the "News of the Airways" program]

[FBIS Translated Text] Surprising last-minute reports from Brasilia state that Ecuador today proposed to Peru that a humanitarian truce be implemented in the area of operations in order to identify and pick up its dead.

This was announced today in Brasilia by Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova, in a brief statement to the press at the end of a meeting with the guarantor countries of the Rio de Janeiro Protocol. He added that the Lima Government has yet to respond to this proposal, which he submitted this morning in Brasilia to Peruvian Deputy Foreign Minister Eduardo Ponce.

We are waiting for further developments concerning a response to the Ecuadoran proposal to implement a humanitarian truce in the area of operations to identify and pick up its dead.

Fernandez de Cordova added that the Ecuadoran Government also proposed to the Peruvian Government that both countries assume a commitment to not attack civilian towns. It must noted, however, that the mines planted by the Ecuadoreans on the Ecuadoran-Peruvian border have killed one Peruvian civilian and injured another Peruvian civilian in the leg.

This last minute report from Brazil also states that with this proposal Ecuador is now admitting the number of its casualties, because if it is requesting a truce to pick up and identify its dead it is because the number of casualties is quite high.

We will be waiting for Peruvian Deputy Foreign Minister Eduardo Ponce's response to this request.

Ecuador Asks for Red Cross Assistance

PY1002005395 Madrid EFE in Spanish 2320 GMT 9 Feb 95

[FBIS Translated Text] Brasilia, 9 Feb (EFE)—Ecuador today proposed to Peru a formal agreement for the repatriation of bodies, the verification of the conditions of detainees, and a commitment to not attack civilian populations.

Within the framework of the negotiations being held in Brasilia with the mediation of the guarantor countries in the conflict (Argentina, Brazil, Chile, and the United States), Ecuador requested "the achievement of a truce that will allow the parties involved to recover the bodies of their dead, identify them, and whenever required repatriate them to give them burial."

A communique, issued here by the Ecuadoran delegation headed by Ecuadoran Deputy Foreign Minister Marcelo Fernandez, states that "the International Red Cross Committee can assist in this task whenever an agreement in this regard is achieved by the two parties."

The proposal adds that "the absolute security conditions essential to such a task" must prevail.

The communique also stresses "the need for the International Red Cross Committee to verify without delay the conditions of those detained for security reasons by the two parties."

It also asks that "a commitment be made not to attack civilian populations and to adopt all measures needed to safeguard them from the consequences of the battle."

The Ecuadoran proposal was formally proposed to the guarantor countries and Peru during the meeting held today. It is expected that the Peruvians will respond on 10 February.

Peru Rejects Humanitarian Truce

PY1002065395 Madrid EFE in Spanish 0438 GMT 10 Feb 95

[FBIS Translated Text] Lima, 9 Feb (EFE)—Peru today rejected the truce that was requested today by Ecuador so that the International Red Cross (IRC) could recover the bodies of those killed in combat and verify the health condition of prisoners.

The Peruvian Foreign Ministry made this announcement through an official communique in which it describes the Ecuadoran request as a "maneuver." Moreover, it charges the Quito Government with trying "to use the truce as a tool in its war strategy."

The proposal to declare a "humanitarian truce" was made today in Brasilia within the framework of the peace negotiations summoned by the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States).

The Peruvian communique states: "The Peruvian Government regrets that the Ecuadoran Government is trying to use the truce as a tool in its war strategy, and rejects this maneuver which, with the pretense of humanitarian concern, is trying to prolong the presence of its troops in Peruvian territory."

It adds, however, that "in compliance with the 1949 Geneva Agreements and its additional protocols," Peru has granted an IRC delegation "all the facilities available" so that it may fulfill its humanitarian goals in the war.

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The Ecuadoran and Peruvian Governments have reported about 70 casualties in two weeks of war. Unofficially it has been established that casualties really total about 300 dead, injured, and missing on both sides.

Moreover, the Peruvian communique demands from the Ecuadoran Government "guarantees for Peruvian citizens who were arbitrarily detained in Ecuador in violation of international regulations in force."

Peru also rejects that its troops have launched attacks on Ecuadoran civilian population, as was reported on 7 February by an Ecuadoran indigenous community leader.

The communique adds: "The humanitarian concerns allegedly harbored by the Ecuadoran Government as the result of false reports about attacks on civilian population in the conflict area are openly contradictory with its constant refusal to withdraw the invading troops from Peruvian territory, which is the only manner in which to end this confrontation."

In another communique the Peruvian Foreign Ministry reports Ecuadoran security forces have arrested 28 Peruvian civilians in the Ecuadoran cities of Quito, Machala, and Huaquillas.

The communique adds that another 14 Peruvians were also arrested previously, but that they were released today through Peruvian diplomatic efforts. It adds that another 10 have returned to Lima from Quito, and that six missionaries and a married couple have left Quito for Machala from where they were taken to Peru.

The Foreign Ministry reported that in the Ecuadoran province of El Oro, "military groups wearing civilian clothes and uniforms are looking for Peruvians with the objective of 'verifying information,' and that this situation often ends with the arbitrary detention of those involved."

According to the communique in Machala, "bulletins that have started to circulate have been pasted on the consulate walls and on the walls of the residences of Peruvian Consulate personnel, while the supply of newspapers and magazines has been suspended in our consulate in Macara."

Peace Negotiations Suspended

PY1002001595 Lima Radio Programas del Peru Network in Spanish 2355 GMT 9 Feb 95

[From the "News of the Airways" program]

[FBIS Translated Text] The guarantor countries of the Rio de Janeiro Protocol have suspended their negotiations with Ecuador and Peru. The negotiations, which are being held in Brasilia to try to find a solution to the Ecuadoran-Peruvian armed conflict, will be resumed tomorrow.

According to a Brazilian Foreign Ministry spokesperson, representatives of the guarantor countries of the Rio de Janeiro Protocol—Argentina, Brazil, Chile, and the United States—held a three-hour meeting tonight. Representatives from the four guarantor countries held separate meetings with Peruvian Deputy Foreign Minister Eduardo Ponce and Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova.

The negotiations are scheduled to continue tomorrow in Brasilia at the Brazilian Foreign Ministry building.

Border Conflict Delays Mercosur-Andean Pact Talks

PY0802195895 Buenos Aires TELAM in Spanish 2009 GMT 7 Feb 95

[FBIS Translated Text] Brasilia, 7 Feb (TELAM-SEM)—A meeting between the four Mercosur [Common Market of the South] and five Andean Pact member countries, scheduled for 8-10 February in Lima, has been delayed indefinitely because of the armed border conflict that broke out between Peru and Ecuador 13 days ago.

Antonio Antunes, Latin American Integration Association (ALADI) secretary general, admitted that there was not a favorable atmosphere for negotiating a free trade zone between the two blocs during the Lima meeting, but explained that despite the conflict, the continent's integration remains firm.

Antunes told the Sao Paulo newspaper LA GAZETA MERCANTIL that ALADI had committed itself to successfully pursuing the process of integrating the economies of all the countries on our continent.

Argentina, Brazil, Paraguay, and Uruguay (Mercosur), and Bolivia, Colombia, Ecuador, Peru, and Venezuela (Andean Pact) had agreed on holding talks to establish a free trade zone which, with the exception of Chile, would involve the entire union of our continent's southern cone.

The Brazilian newspaper telephoned Antunes in Uruguay, and the ALADI secretary general noted that despite the armed clashes between Peru and Ecuador, the integration spirit in our region "remains unchanged."

Central American Cabinets Approve Salvadoran Tariff Plan

PA0902140595 San Salvador EL DIARIO DE HOY in Spanish 6 Feb 95 p 10

[Report by Marvin Portillo]

[FBIS Translated Text] Guatemala City, 5 Feb—El Salvador will not be alone in its tariff-reduction plan. The Central American economic cabinets agreed in Guatemala City to participate along with El Salvador in the tariff reduction process, and they established a deadline,

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1 January 1996, for countries in the region to adopt a new common external tariff.

The new tariff would range between 15 percent for finished products and 1 percent for component parts, raw materials, equipment, and capital assets.

The agreement was reached following a meeting Salvadoran Economy Minister Eduardo Zablah, Planning Minister Ramon Gonzalez, and Finance Minister Manuel Enrique Hinds held over the weekend with the principal economic advisers of the regional governments at Las Americas Hotel in Guatemala City. The meeting sought to carefully analyze the Salvadoran economic program and review its effects on Central American trade policy.

Based on a proposal from El Salvador, the region's economy ministers, who also comprise the Central American Tariff Council, admitted that a reduction in import tariffs is the correct way to modernize Central American industry.

Eduardo Gonzalez, Guatemalan economy minister and Tariff Council spokesman, said: "We agreed that El Salvador's proposal to continue with tariff reduction is valid. We accepted this by consensus."

The first challenge is to synchronize the speed of the tariff-reduction process to ensure that all countries advance together on the same track.

The region's economy ministers came to the conclusion that it is time to review the common external tariff (known as SAC), which has been in effect for two years.

"We believe the tariff's revision is necessary to continue the reduction process and prepare ourselves for an appropriate and timely economic opening," Gonzalez said.

A common external tariff currently is in force among the Central American countries, establishing tariffs for products from outside the region—20 percent for finished products, and 5 percent for component parts, raw materials, and materials destined for production. The Salvadoran proposal, within the framework of the government's economic plan, involves reducing the tariff for imported products to 15 percent and the tariff on raw materials and capital assets to 1 percent in April 1995.

El Salvador's economic cabinet was prepared to implement the first tariff cut in April 1995, but, following negotiations with the other countries, it decided to wait until next year.

Following the meeting, Salvadoran Economy Minister Ricardo Zablah said: "We agreed to begin the tariff reduction process in January 1996 for the sake of integration."

Moreover, Honduran Economy Minister Delmer Urbizo pointed out how dangerous it would be for the so-called Central American Northern Triangle's bargaining position if one country were to decide to reduce its tariffs ahead of time.

Urbizo warned: "One of the points in the negotiations that the Northern Triangle countries are carrying out with Mexico, Venezuela, and Colombia deals with tariffs. Therefore, if one country adopts a variant position in this area, the other countries' bargaining position would be undermined."

Nevertheless, Urbizo said he shares the Salvadoran plan's basic views, meaning Central American countries must necessarily join the international trade and investment movements through economic opening.

Urbizo said: "We must now see how we can align Salvadoran interests with those of the other countries."

The Central American countries agreed to wait for results of the technical studies on the tariff-reduction's impact, which should be made by the Secretariat of Central American Economic Integration, before determining a new tariff structure for the region. Meetings will be held later among officials in charge of monetary or fiscal policy to review this aspect of the Salvadoran proposal.

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Cuba

Foreign Ministry on Helms Bill, Cost of U.S. Trips

PA0902210795 Havana PRENSA LATINA in Spanish 1954 GMT 9 Feb 95

[FBIS Translated Text] Havana, 9 Feb (PL)—The Cuban Foreign Ministry said today that the bill submitted to Congress by Senator Jesse Helms, who intends to internationalize the blockade on Cuba, ignores the fact that the entire world condemns it.

Luis Delfin Perez, assistant director of the Latin America and Caribbean Department of the Foreign Ministry, in answer to a question from PRENSA LATINA, said the problem faced by Washington is that the economic blockade lacks international support.

Three UN resolutions have already called for the suspension of this illegal practice, Perez said after participating in a meeting with foreign and domestic reporters today.

In his analysis of the issue, he said relations between Cuba and the United States are at a level where it would be difficult to contribute anything new, other than readdressing the links themselves.

I think the objective of internationalizing the blockade against our country, as Senator Helms' bill proposes, will require a lot of work on their part, Perez said.

In another part of his conversation with reporters, he indicated that what raises the cost of Cuban emigrants' trips to the United States is the existence of measures restricting trips and remittances to Cuba, which were set by the U.S. Government in August.

The Foreign Ministry official rejected the validity of charges by State Department officials that the Cuban Government is supposedly to blame for that increase in costs.

It must also be stated that the ticket only costs $250 and the rest of the expenses are due to legal documents and medical examinations, among other things, demanded by the United States to authorize entry into its territory, he said.

Asked about the political asylum granted by a U.S. judge to Cuban Leonel Macias, accused of killing a Cuban Navy officer to forcibly seize a vessel, Perez explained that this case has not yet concluded.

We need not be surprised by the U.S. court's lack of ethics, but immigration authorities have appealed that decision. We have contributed all the evidence in the crime and will continue to observe the evolution of the matter, he concluded.

Meets Press on U.S. Ticket Costs

FL1002022395 Havana Radio Rebelde Network in Spanish 0000 GMT 10 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] Luis Delfin Perez, interim spokesman for the Foreign Ministry [Minrex], told reporters on 9 February that Cuba does not charge an exorbitant price for the airline tickets which Cubans emigrating to the United States have to purchase. He reported that the price for the flight is $250, adding that those individuals have to pay for other services—such as medical checks and legal paperwork—that are required by U.S. authorities to enter the United States.

Delfin added that the Minrex sees Foreign Minister Roberto Robaina's visit to the PRC as highly satisfactory. Delfin said at the regular Thursday meeting with the press that Robaina passed Chinese President Jiang Zemin a message from Commander in Chief Fidel Castro. He also broached Robaina's trip to the Philippines and his plans to meet Philippines President Fidel Ramos.

Regarding other Cuban international activities, Delfin reported that Jaime Crombet, National Assembly of the People's Government vice president, continues his African tour after having visited Angola and Namibia and meeting their respective presidents. Crombet will also visit Mozambique and Zimbabwe and pass messages from Commander in Chief Fidel Castro to those countries' respective presidents.

Havana Reports on Carns Nomination To Head CIA

PA0902171695 Havana PRENSA LATINA in Spanish 0735 GMT 9 Feb 95

[FBIS Translated Text] Washington, 9 Feb (PL)—Michael Carns, a former pilot decorated during the U.S. war against Vietnam, is the person designated by President Bill Clinton to head the Central Intelligence Agency.

The White House has described Carns, 57, former deputy chief of staff of the U.S. Air Force, as a very well-trained military officer and manager, a characteristic also endorsed by his former superiors in the military.

General Merrill McPeak, former chief of staff of the U.S. Air Force, yesterday expressed his satisfaction with the nomination of Carns. Satisfaction was also expressed by Colin Powell, who was until recently in charge of the Joint Chiefs of Staff, Clinton's advisers stated.

During the Gulf war, the nominee for CIA director served as administrative assistant to Powell. He was able to coordinate logistical operations and had access to intelligence information, according to Carns' associates.

He became deputy chief of staff of the Air Force immediately after the U.S. intervention against Iraq. He retired from the military last September, when he joined the Thiokol Corporation, manufacturer of rockets and spacecraft engines.

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Carns carried out hundreds of bombing sorties against Vietnam, the consequences of which are still visible in the already-unified conntry in Indochina.

Although he is widely recognized as a technocrat, well-informed on various aspects of the U.S. military bureaucracy, the nominee for CIA director lacks training in compiling and analyzing clandestine data, experts stressed.

However, his advocates consider that despite his lack of experience in the aforesaid area, the nominee might provide innovative ideas to restructure the CIA, which has apparently not defined a post-Cold War strategy.

The internal structures of the largest secret information body in the United States require major changes and, in some cases, a strong shakeup to adjust to the new era and prevent the repetition of the Aldrich Ames case, a double agent who worked for Moscow and was later sentenced to life imprisonment.

There is no doubt in anyone's mind that Congress will ratify Carns' nomination. The high-ranking official will have to fight, above all, to maintain the agency's budget, estimated at $28 billion annually.

Castro Discusses 'Right-Wing' Cubans

PA0902180595 Havana PRENSA LATINA in Spanish 2117 GMT 8 Feb 95

[FBIS Translated Text] Havana, 8 Feb (PL)—President Fidel Castro has said the destiny of 11 million Cubans cannot depend on the political and electoral machinations taking place in the United States.

The leader of the Cuban revolution spoke on a number of issues in an interview with Mario Vazquez Rana, president and general director of the Organization of Mexican Editors. Extensive versions of this interview have appeared in the Mexican press and today GRANMA published the text.

Fidel Castro believes it was "an error and unethical" that the issue of Cuba has been turned, in a number of ways, into a domestic political issue in the United States because of the influence of right-wing Cuban extremists in Florida, which Castro described as a "fascist mafia."

The Cuban leader stressed that there are small groups in Miami directed by petty politicians who have made a fortune by turning the struggle against the island into a lucrative business.

Castro indicated that Jorge Mas Canosa and Carlos Alberto Montaner, both of whom have done everything possible to destroy the Cuban revolution, are sponsored by the CIA.

However, not all Cubans hold this view, and many U.S. citizens see the 30-year-old U.S. blockade of Cuba as anachronistic.

Castro said that today many people ask themselves: Why is there a war against Cuba and only Cuba? The United States made peace with China, Vietnam, and has almost made peace with North Korea.

In a reply to Vazquez Rana, Castro concluded that the Cuban issue has become, in a number of ways, a domestic political issue in an attempt to get the votes of the "mafia."

Castro agreed that this obsession drives them to take steps and adopt measures to try to please the "mafia," which "I do not believe strengthens the Clinton administration, but rather weakens it."

In Castro's opinion, a president who has a good administration and dedicates himself to resolving the country's problems would be concerned for all Floridians—which Castro estimated at approximately 17 or 18 million—and would not play this game speculating whether or not it benefited him.

He recalled that William Clinton was elected by the common people of the United States.

"I personally do not have a bad opinion of Clinton...," Castro said. "I think he is man with good intentions..., but I think that he has not been firm enough in his decisions," he said.

Notwithstanding, Fidel Castro indicated that as a result of the famous rafter's crisis in August, hundreds of newspaper editorials have expressed that it is time to modify the blockade on Cuba, which Castro said would be an important change.

During the extensive conversation between the Castro and Vazquez Rana, the two discussed the causes of the Cuban-U.S. migration dispute and the signing of the bilateral agreement reached in September 1994 regarding this dispute.

In discussing this issue, Fidel Castro said for some time Washington had issued an almost unlimited number of visas to deprive us of technicians and qualified personnel, but that later the United States changed its policy and encouraged illegal exits.

Cuba was the only country in the world whose citizens could enter the United States and automatically receive U.S. residency and aid, which encouraged illegal exits, even though the emigrants' reason for leaving was now basically economic.

Castro added that with the disappearance of the USSR and the hardening of the blockade, the economic situation in Cuba became difficult, demanding strong sacrifices from the people.

Castro said this situation, combined with U.S. encouragement, caused a year-long increase in the number of people attempting to leave the country illegally.

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They could steal a boat or an airplane, commit murder or other crimes, and be welcomed in Miami with a great deal of publicity and honors, which would then be used as propaganda and a destabilizing tool against Cuba, Castro added.

Castro said that when a large number of people began to emigrate through their own means, the United States became aware of the problem and began to invent things to prevent it.

Imagine if this were to happen in Mexico and all of the people who crossed the border automatically received a visa, he reflected.

The causes of this emigration prove it is an economic phenomenon, Castro said. He believes the blockade is the fundamental factor which encourages illegal exits.

According to Castro, since an agreement with the United States was signed in September 1994, now, it must be kept.

Foreign Minister Meets With PRC President

FL0902133795 Havana Radio Rebelde Network in Spanish 1800 GMT 8 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] PRC President Jiang Zemin expressed his admiration for Cuba and Fidel Castro during a meeting with Foreign Minister Roberto Robaina, who is conducting an official visit as part of a tour of Asia. Robaina relayed to Jiang Zemin a personal message from Fidel Castro, thus giving continuity to the productive dialogue which began with Jiang Zemin's trip to Havana in November 1993.

Robaina stressed that his visit is of particular significance in light of the existing relations between both states and presidents.

During the meeting Jiang Zemin referred to the complex international situation and noted that there are still many areas of conflict in the world. Jiang Zemin also expressed confidence that the Cuban people will be able to make progress toward development and expressed his satisfaction with the growing cooperation between both states.

Robaina will travel next to Manila, the Philippines, the last leg of a trip that included Japan, the DPRK, Thailand, and Nepal.

Signs Agreement, Meets Press

FL0902220795 Havana Radio Rebelde Network in Spanish 1255 GMT 9 Feb 95

[From the "Doing Radio" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina's visit to Beijing coincides with the PRC's spring festival. Beijing is the latest stop on Robaina's Asian tour, following stops in Japan, the DPRK, Thailand, and Nepal. Chinese Foreign Ministry sources have said that Sino-Cuban relations are progressing well.

Robaina told the media that his visit to Beijing is in no way related to the possibility that Fidel Castro will visit the PRC, adding that the Cuban president would like to visit the PRC as soon as conditions permit.

Robaina signed a joint Chinese educational, cultural, and scientific cooperation agreement in Beijing. Robaina said that the Cuban people have already passed through the worst stage of the economic reforms that began one year ago.

Robaina has met Chinese President Jiang Zemin, who expressed his confidence in the Cuban people overcoming temporal difficulties to achieve new victories. The Chinese president recalled his visit to Cuba last year, saying that he was profoundly impressed with how the visit helped strengthen the two peoples' friendship. He said that bilateral relations are progressing well, adding that he hopes that they continue to progress in that direction based on the five principles of peaceful coexistence. Jiang told them of the PRC's [words indistinct] and the PRC's economic reforms and expressed his hope that the Cuban people will achieve new goals.

Meets Philippine President, Minister

FL1002024995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 10 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has met Philippine President Fidel Ramos and passed him a message from Fidel Castro. Robaina and Ramos called for the development of bilateral relations. Ramos made reference to the historic parallel between the lives of Jose Marti and Jose Rizal, national heroes of Cuba and the Philippines, respectively. Robaina encouraged Philippine businessmen to invest in Cuba. He also met Philippine Foreign Minister Roberto Romulo. Robaina's two-day visit to the Philippines follows visits to Japan, the DPRK, Thailand, Nepal, and the PRC. Robaina's visit to Beijing and his meeting with President Jiang Zemin and other authorities was highlighted during the regularly scheduled news conference that the Foreign Ministry's head of information has held and in the national press.

Iranian Envoy Meets Press on Economic Ties

FL1002011695 Havana Radio Reloj Network in Spanish 2038 GMT 9 Feb 95

[FBIS Translated Text] Iranian Ambassador Gholam 'Ali Heydar Khajehpur told a news conference on 9 February that Cuba and Iran are committed to boosting bilateral economic ties. Khajehpur added that although positive steps have been taken since last year, we are still facing the dawn of developing economic relations.

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Khajehpur noted that Iran is preparing to celebrate the anniversary of the Islamic Revolution's triumph and reported that more than 80 percent of the damage caused during the war with Iraq has been repaired. He mentioned other important accomplishments, including construction of the petrochemical complexes in Arak and the port of (Limon) and the (Mubarake) steel industrial complex, the largest in Iran.

Castro Interviewed at British Embassy

FL0902124995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 9 Feb 95

[Conversation between President Fidel Castro and unidentified Cuban and foreign reporters during reception for Baroness Janet Mary Young at the British Embassy in Havana on 7 February; from the "NTV" newscast—recorded]

[FBIS Translated Text] [Reporter] Commander, what can you tell us about the importance of the visit of the British delegation and prospects for British participation in the Cuban economic opening?

[Castro] We place great importance on two things; first, the growing economic involvement of the UK in diverse countries. In other words, we have seen that the UK is particularly active. For us, given their advanced technology and highly developed industries and technology, this is extremely important. This has been a growing thing in recent times and a reason for all of us to feel very pleased. This visit illustrates that interest. There is a mutual interest in developing an economic relationship with the UK.

I say United Kingdom because one must not use England, as you all know well, it is either UK or Great Britain.

We are very happy. They are very pleasant people, highly communicative, and talented. These ties are particularly special for us. We had an important visit by their minister [as heard]; and the baroness was here 18 months ago; she had had much to do with the boosting of relations Great Britain and Cuba are experiencing, as did the previous ambassador and the new one, therefore, we only have good things to say about the British visitors in Cuba.

[Reporter] What about the accord for the protection of investments?

[Castro] It has just been signed. We are truly interested. It is highly encouraging.

[Reporter] Commander, as you said, there are growing ties between Cuba and the UK, particularly during the last quarter. Obviously, this must deeply anger the U.S Government.

[Castro] We do not seek to anger them, we would rather have them become aware of the real fact that many industrialized countries have relations with Cuba. Yet, they absurdly choose to remain apart from the possibilities existing in Cuba, which are not as great as those of the PRC, but have relative importance. [Words indistinct] if your are a soccer, or basketball player, or an athlete you would not like being prohibited to play anywhere. As a matter of principle, many U.S. businessmen would like to participate in this competition. This is why many of the U.S. businessmen I know totally disagree with being prohibited from conducting business in Cuba. Thus, it is my hope this will not anger them but rather encourage them.

In general, I believe that the UK is making a great effort within the developing world, not with Cuba alone. In this new era being experienced by mankind, commerce is acquiring a vital importance; therefore, the movement of significant resources towards the PRC, Vietnam, and the Third World. These countries have, at least, the advantage of being very well organized. Just like in our case; Cuba is an organized country where it is feasible to do things, where commitments are fulfilled, with our countries with stable governments. This helps a lot for making investments and conducting business.

[Reporter] The baroness will give a news conference tomorrow and surely she will be inundated with numerous questions. We know that last night you talked at length with her. Could you tell us about it?

[Castro] We spoke about everything. These type of conversations broach general subjects. They have talked with numerous ministers. Specific issues are discussed with the ministers, with me, they talk about general issues, the commitment to work, etc. These talks are also partially a social encounter, we speak about everything under the sun, such as international affairs. I also asked her some questions. I guess the ministers told her plenty about Cuba. Yet, I wanted to know about the situation of the British economy, how much it is growing, about their interest and inflation rates, etc. In general, they told me many favorable things about the British economy. We also broached general issues of the global economy and the like. You should really ask her.

[Reporter] The baroness said that this morning she visited a farmer's market and was very pleased with the orange juice and a flower she was given, and that she cannot wait to see Cuban citrus products in London markets.

[Castro] I understand they also visited a citrus cooperative, a basic cooperative production unit.

Well, I have to go, or this will turn into a news conference.

[Reporter] You have time for a general question on the economy: There is talk about the need to reduce the state budget, this in turn means downsizing certain state enterprises. How will the workers in those enterprise be replaced?

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[Castro] By diverse means, there are sectors in which we need to increase the labor force, agriculture needs a labor force, for example. Also, new activities are being created, sectors, and branches such as tourism, there is self-employment which continues to grow significantly, as well as new possibilities which we will study in order to fulfill our duty of providing jobs for all our citizens.

[Reporters] Thank you very much.

Castro Denies VANITY FAIR Report on Assassination Attempt

FL0902133695 Bridgetown CANA in English 2234 GMT 8 Feb 95

[From the CANA "broadcast news summary"]

[FBIS Transcribed Text] [no dateline as received] Cuban President Fidel Castro has dismissed as sensationalism and fantasy a report in Vanity Fair magazine that he was the target of a failed assassination attempt last year.

Castro says he does not have the slightest bit of news about this.

According to Vanity Fair, five attackers machine-gunned Castro's car as it left his suburban villa in April of last year.

The magazine said Castro was unharmed; his chauffeur was shot in the arm and the car was badly damaged.

The magazine also said the five attackers were shot dead by the Cuban leader's personal guard.

GRANMA Reports on Castro Interview With Vazquez Rana

PA0902173395 Havana PRENSA LATINA in Spanish 1100 GMT 8 Feb 95

[FBIS Translated Text] Havana, 8 Feb (PL)—In an extensive interview published today by the daily newspaper GRANMA, Cuban President Fidel Castro has advocated Latin American integration and a political solution to the armed conflicts in Latin America.

The principal leader of the Cuban revolution addressed a number of issues in an interview with Mario Vazquez Rana, president and director general of the Organization of Mexican Editors.

Fidel Castro revealed that he is a serious supporter of Latin American integration, after warning that countries in the area are a far cry from reaching stability.

Castro said the fundamental threat to peace in Latin America is precisely neglect—neglect of the needs and the problems of the people.

Issues discussed during the interview, which was conducted on 19 January, include Cuba's economic situation, a panoramic view of the Latin American continent, U.S. policy toward Cuba, Mexico's financial crisis, the role of the United Nations, and Cuba's relations with the former socialist countries.

Referring to changes in Cuba in recent years, Castro said that Cuba is first trying to survive, while at the same time trying to safeguard the great social achievements of the Cuban Revolution.

Castro emphasized: I do not know if any country has ever endured such a test, which began over four years ago in 1990. We have been able to resist and to persevere in our goals.

One must not forget that we are a nation that for over 35 years has been blockaded by the United States. We are a nation whose tasks are made more difficult by this situation.

Castro spoke extensively about the opening up of the Cuban economy, investment, exports, tourism, and the creation of joint ventures. He made it clear that this was not a privatization process.

Regarding this, Castro said that Cuba is working on a program to activate its economy, companies, and closed factories, and to listen to any proposal which might benefit both investors and the country.

Among the international issues discussed, Castro said that the United Nations needs to be changed because it is confronted with a new situation in a non-polarized world, under the yoke of the United States, which now imposes its policies.

Moreover, Castro said he was a supporter of political solutions to armed conflicts. "I support the search for negotiations and solutions in any part of Latin America and efforts to analyze the causes of conflicts—the whys and the wherefores—and that serious work be done in that direction."

In reply to a question by Vazquez Rana on the Latin America- United States issue, Castro said that "it is very difficult to predict. The future of Latin America is uncertain. I would need a crystal ball to be able to predict what will happened in 2000. New generations of leaders will emerge, who I hope will be better prepared and be more aware of the issues."

Addressing the current situation in Mexico, Castro noted that the most difficult thing in today's world is making predictions. I think that life, that experience will teach us what each of these things will produce and what tendencies will arise in the near future.

"What we have to hope for and think about is how Mexico will overcome its current difficulties. I believe Mexico can overcome them. That is what we want most."

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Education Conference Broadcast to Madrid Via Hispasat

FL0902153995 Havana Radio Rebelde Network in Spanish 1255 GMT 9 Feb 95

[Report by Correspondent Juan Carlos Roque Garcia; from the "Doing Radio" program]

[FBIS Translated Text] Good morning, friends of the "Doing Radio" program. There is a festival of images at the Education-95 conference. Yesterday, the first broadcast of the Ibero-American Educational TV [Television Educativa Ibero-Americana] took place through the Hispasat satellite. Luis Antonio Barray, president of Ibero-American Educational TV, stated the following for this program:

[Begin Barray recording] Education was the main motivation for the great percentage of Ibero-American cooperation, which is an element of fraternity for all Ibero-American countries. [end recording]

Cuba has been a member of Ibero-American Educational TV since 1992, and Education Vice Minister Francisco Ferreira is a member of the board of directors with which 200 Ibero-American universities are associated. Luis Antonio Barray, president of the program, also stated the following:

[Begin Barray recording] We were motivated to be actively present in this Education-95 conference to transmit it via satellite to all Ibero-America. As you know, through Hispasat this signal goes to Madrid which is where our operation center is located, and from there it is rebroadcast to all Ibero-America. [end recording]

This is the first broadcast from Cuba, via satellite, of what is happening in the Education 95-Conference through the Hispasat satellite.

Official Gives Details of Broadcasts

FL0902184795 Havana Radio Rebelde Network in Spanish 0000 GMT 9 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] The live broadcast via satellite of two-hours per day of the Education-95 Conference began today as part of the objectives of the project of Ibero-American Educational TV of [word indistinct] the unity and solidarity among countries in the region. This information was given to the NATIONAL NEWS AGENCY [AIN] by Luis Antonio Barray, president of the Ibero-American Educational TV, which groups all Ibero-American education ministries and 200 universities. Cuba has been part of the organization since its creation in 1992.

This television broadcasts important meetings and works in three fundamental lines: cultural education; formation of professionals; and investigative reports. The service is being transmitted via Hispasat satellite through the frequencies of TVE at 0830 in the morning, maintaining the same schedule tomorrow. It is rebroadcast at 1630 in the afternoon. On Friday, the broadcast will be carried at 1000 local time.

Workshop on Foreign Investments Held for Union Leaders

FL0902171195 Havana Radio Rebelde Network in Spanish 1255 GMT 9 Feb 95

[From the "Doing Radio" program]

[FBIS Translated Text] The Lazaro Pena Theater in Havana is hosting a workshop on International Economic Associations, which seeks to prepare labor union leaders in the knowledge of the new labor relations, a product of foreign investments in our country. The two-day workshop is scheduled to conclude today. Labor union leaders are debating problems regarding to the country's economic situation with the proliferation of foreign investments in the national economy.

In yesterday's session, Manuel Lopez Mora, vice minister-president of the State Committe of Labor and Social Security, offered a lecture in which he made an analysis of the labor relations in the international economic associations and the laws that have been established to govern these relations. Relations between the foreign associations and the work force are governed and regulated through an employing entity, which will operate as an intermediary between the sponsoring organization and the foreign investor.

[Begin Lopez recording] The main reason for the employing entity is to preserve the link between the workers and the Cuban entity, which is sponsoring the investment, and to try to protect the workers if the payroll is reduced by the international economic association while allowing for a training and retraining process of these workers who might be relocated in other activities. [end recording]

During yesterday's session, the Ministries of Communication and Basic Industry offered conferences and seminars on their experiences on the matter.

Journalists Discuss State Collection-UBPC Schism

FL0302131195 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Feb 95

[Discussion by Agriculture Commentator Diosdado Maso and Anchorman Cesar Arredondo; from the "Exclusive" program—live]

[FBIS Translated Text] [Arredondo] Here is Diosdado Maso, who will resume his discussion on the topic that he began the day before yesterday on the contradictions between the Sierra Maestra Basic Cooperative Production Unit [UBPC] and the State Collection Agency. That is the issue to be discussed. The microphone is yours, Maso.

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[Maso] Yes, that is the topic because the goal is to help the UBPCs develop. When we arrive at a UBPC, whether it is a sugarcane, miscellaneous crops, or livestock unit, the first topic that we discuss is their finances because the economy of the UBPC is directly linked with the increase in production.

[Arredondo] That is precisely my question. Is this case unique? Is the Sierra Maestra UBPC the only one having problems with the State Collection Agency?

[Maso] I do not think so because there is only one State Collection Agency in the entire country. The State Collection Agency applies the same norms, prices, and fees that it levies in Havana Province throughout the entire country. The problem does not lie with State Collection Agency alone, but also with the enterprise to which the UBPC is linked, because the enterprise charges high prices for services and resources.

[Arredondo] This would tend to slow down production because if I am going to make an investment and I am going to lose, I do not invest.

[Maso] Well, I believe that the Ministry of Agriculture is making a restructuring of what we know as the National State Collection Agency. I believe that such a restructuring must solve these problems because it is not possible for State Collection, which is a clearing house for the goods produced by others, to be efficient with high prices and unreasonably priced services.

As a matter of fact, I was talking with Agustin Acosta, administrator of the Sierra Maestra UBPC in Melena del Sur, and I told him: Then, you believe the farmers' market is something good, because the farmers' market has allowed some UBPCs to obtain resources to compensate for the enormous problem of having to spend 10,000 pesos to make a caballeria produce and then getting paid 5,000.

[Arredondo] This would also result in the UBPC having to elevate their prices in order to compensate for the loss.

[Maso] This is what Acosta has to say in this regard:

[Begin Acosta recording] We can say that we are going to attain a profit this year despite the situation this cooperative has, as a result of the incentive of the farmers' markets. Otherwise, the cooperative couldn't bring in a profit in either one, two, three, or four years because there is no possibility of doing so as long as State Collection pays us less than what it costs us to produce a crop. The State Collection system really thwarts any motivation on the part of the worker. [end recording]

[Arredondo] That is not good business.

[Maso] Acosta was very categorical. When I spoke with him I decided that I had to air this issue because I believe that this is an issue which the Agriculture Ministry, the organizations, the provincial party and government leadership, and everybody must analyze. We are truly convinced that the UBPC is the solution to attaining an increase in production, but in order to do this, they have to have a contractual relationship with either state collection, or any administrative entity that might distribute the products. The system has to be coherent. It cannot continue as now, and Agustin Acosta as been very courageous to denounce this.

I will probably follow up on this issue in the provinces which I will visit next. Perhaps, state collection works differently in the Isle of Youth, or Camaguey, or the other provinces.

[Arredondo] Thank you Maso.

Editorial Calls for Worker Efficiency

95CA0106A Havana TRABAJADORES in Spanish 9 Jan 95 p 2

[Editorial: "A Mission for All"]

[FBIS Translated Text] The labor movement, its cadres and activists, and all responsible workers in the country must make an in-depth study of what Fidel said on the last day of the recent session of the National Assembly.

As we begin a year that will be filled with work, his words are the best guide, the clearest explanation, and also the most steadfast support that we could receive in carrying forward the effort at efficiency.

They mean that we are heading in the right direction and that we must seek to develop to the utmost the movement that we have been promoting at work centers.

They tell us that we have done well in deciding that our most important place is in our factories, workshops, Basic Units of Cooperative Production, schools, and hospitals, not as visitors to offices but in ongoing contact with the workers, so that alongside them we can talk over, debate, and decide on specific solutions to problems.

Above all, the Chief of the Revolution has charted for us a strategic view of the times in which we live, of their natural contradictions, and of how to confront them.

The cornerstone of this view is the determination to defend socialism, the government of the workers, the State that was born of the Revolution, and the material and spiritual accomplishments that we have made over these 36 years.

All of the changes, the reforms, and even the concessions that we have been forced to make appear, through this prism, as something altogether different from the changes and reforms that were undertaken elsewhere in the world for the now admitted purpose of destroying socialism, dismantling what remained of worker government in those societies, and kowtowing to capitalism.

What our country is doing is different because its purpose is not to hand over the country and serve the

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interests of privileged minorities, but rather to preserve the independence and the Revolution of the humble and for the humble.

Cuba needs foreign investment because we lack capital to revive our economy and develop its branches with the most potential.

Cuba has to seek different forms of association because we need technologies, administrative experience, and markets in a world governed by competition.

Cuba has to allow the dollar to circulate legally because this was already happening and because we need foreign exchange.

Cuba has to make room for individual and family labor in order to meet the people's demands and create new job opportunities.

Cuba has to sponsor agricultural and industrial markets in order to promote higher production of foodstuffs and consumer goods.

Cuba has to enforce some pricing and rates measures because it must soak up excess currency in circulation.

Cuba has to reorganize its tax system, its finances, and its banks because the operation of the State so requires under current circumstances.

But none of this means that Cuba is turning capitalist. None of these things returns us to the past. The country must, understandably, share profits and pay interest; there is simply no alternative if we want to produce, revive industry, and preserve jobs.

The factories, facilities, hotels, and lands will remain under Cuban ownership. Everything that we are doing or may do in connection with economic partnerships is pursuant to the orders of our State, in keeping with Cuban law, and in the interest of the nation.

What is happening in our country is truly an unprecedented experience. A small Third World nation with limited resources and heavily dependent on foreign markets is bent on demonstrating in practice that virtually alone it can sustain a socialist Revolution in spite of the economic blockade and relentless hostility of the empire.

This is not a "project," as one often hears, but rather a Revolution with accomplishments and a political and historical profile that have become firmly established.

"What we are doing," Fidel said, "we are doing well and in keeping with the principle of not putting anything above or in conflict with the interests of the country and the workers."

And he said something more: Now that our policies are starting to bear fruit, we can see that we did very well to follow our own path, that not only was this a heroic decision but also the most sensible and intelligent thing that a people like ours could have done.

Now, for these same reasons, we must urgently seek efficiency and incorporate proven management methods, even amid the enormous shortages of the special period.

Yesterday, when the country had plenty of resources, we were incapable of achieving such efficiency. On the contrary, manpower and materials were squandered. Neither administrative and political cadres, nor the government, nor the mass organizations, nor the workers realized the importance of being thrifty and of pursuing a strict employment policy.

The labor movement has a role to play in such self-criticism, realizing that the defense of the just rights of the workers cannot be set at odds with the definitive correction of those errors.

The struggle for efficiency means life or death today for the loftiest interests, aspirations, and objectives of the workers and the nation.

Solving this problem entails obvious contradictions at present. Efficiency means, among other things, streamlining, and some of the country's factories, enterprises, and hotels may be overstaffed. In contrast, there are branches and sectors that are understaffed. Moreover, the administrative superstructure requires an urgent overhaul.

"We are obliged to trim jobs for the sake of efficiency," Fidel said. "The problem is how we do so while seeking the best possible alternatives."

By heeding his words we can make headway in this decisive task if we continue to proceed with calm, composure, serenity, common sense, and order.

If we continue to explain tirelessly to the workers what it is that we seek, what our problems are, and how we can solve them.

If we keep on achieving the closest coordination and cooperation among all State, administrative, political, and union organizations.

"It is proper," Fidel emphasized, "for the Cuban Workers Federation to concern itself with these problems, but it is a problem not just for labor leaders but for everyone in the country, because we are obliged to make more efficient use of our human, material, and financial resources. Achieving efficiency and preserving the rights of the workers is a mission for all."

Haiti

Haitians Living Overseas Meet With Aristide

FL1002031995 Port-au-Prince Radio Metropole in French 1700 GMT 9 Feb 95

[Report by Guy Delva]

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[FBIS Translated Text] President Jean-Bertrand Aristide met Haitians living abroad in the Yellow Room at the National Palace this morning. Fritz Caseus, minister without portfolio for Haitians living abroad, and Information Minister Henri-Claude Menard were also there. The ceremony opened with a message from Annette Auguste—better known as Sister Ann—who spoke in the name of the diaspora or the 10th department. Sister Ann said that she was very happy to see President Aristide here, in Port-au-Prince, and alive in the National Palace. Sister Ann pointed out that Aristide accomplished what no other world leader has ever accomplished.

Aristide congratulated the diaspora for its support for democracy in Haiti. The president pointed to two fundamental demands that are spelled out in capital letters in the 10th department's notebook of demands:

[Begin Aristide recording, in Creole] The second major demand...[pauses] Father Jean-Juste and I were discussing on Saturday night and yesterday morning what to do so that the 10th department can vote. I cannot answer because it is not only up to me. If I had the answer, I would have given it to you a long time ago. The second demand is that you acquire dual citizenship. Those are the two major demands that we are working on seriously so that they can become effective before it is too late. Thus, we continue working on that, as I said. I will not discuss all of your demands right now: I prefer to use the time to touch you, to see you, to talk to you. That is what is most important for me this morning. [end recording]

President Aristide gave Father Jean-Juste the title of king of resistance within the Haitian diaspora. Father Jean-Juste hailed the 10th department's courage and determination in the struggle to establish a state of law in Haiti. It should be noted that the lady who was stabbed during the events in Saint-Jean Bosco on 11 September 1988 was attending this meeting. She was accompanied by her two children, [words indistinct] that she was carrying when she was attacked by men wearing red armbands seven years ago.

FRAPH Leader Urges Partisans To Mobilize for Vote

FL1002024395 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Feb 95

[FBIS Translated Excerpt] U.S. Embassy spokesman Stanley Schrager told the press on 8 February that the United States most certainly would not grant political asylum to Emmanuel Constant, the leader of the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] who is linked to the deposed military chiefs, if he requested it. The diplomat said that he was unable to confirm reports carried in the Haitian press edited in the United States that Constant is actually in the United States. Schrager said: We are looking into his whereabouts. He said that the decision to extradite Constant to Haiti would depend on the accusations brought against him. The diplomat added: We will not cooperate with FRAPH, for it is illegitimate and has committed antidemocratic acts. [passage omitted]

Constant disappeared from Haiti in December, shortly before he was supposed to appear in court to answer charges that he and his colleagues victimized citizens. Haitian radio stations broadcast a recorded statement by the neo-Duvalierist official on 8 February, in which he called on his partisans to mobilize for the upcoming legislative, municipal, and local elections. He described these four months following Aristide's return as a period of anarchy with no signs of security.

Jacmel Celebrates 7 Feb; Area Assembly Wants State Stores

FL1002033695 Port-au-Prince Radio Metropole in French 1700 GMT 9 Feb 95

[Report by Windel Theodore, in Jacmel]

[FBIS Translated Excerpt] Jacmel marked 7 February with a thanksgiving mass at the St. Jacques/St. Philip Cathedral, a Te Deum, and the People's Assembly of the Southeast Department's [APDSD] call for several hundred Aristide supporters to hold a demonstration. The demonstrators told Radio Metropole what this act means to them, expressed their primary demands, and hurled hostile slogans at the former Haitian Armed Forces chiefs. [passage omitted].

This date marks not only Haitian President-for-Life Jean-Claude Duvalier's fall but also current President Jean-Bertrand Aristide's inauguration.

APDSD members held a news conference to ask the Haitian Government to set up a state store in each geographic department to control prices on essential products and help reduce the cost of living. Jean-Claude Mondesir and Junel Cherry, both APDSD members, asked the Haitian president to recover the three years he spent in exile and to complete his mandate.

On 6 February, international police monitors handed out certificates to about 126 soldiers who had been participating in a training seminar since 3 December to become interim police force members. [passage omitted]

Monitoring Group Reports Decrease in Political Crimes

FL1002030095 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Feb 95

[FBIS Translated Excerpt] Raymond Kelly, of the International Police Monitors—IPM—in Haiti, has welcomed the decrease in crime. He said that the number of political crimes had dropped and almost disappeared altogether. [passage omitted]

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The IPM published a report on monthly security statistics in Port-au-Prince on 8 February, showing a decrease in the number of political crimes in January compared to December: While the number decreased from 30 to 20, an increase in holdups, attacks, robberies, and rapes was recorded.

A U.S. military spokesman has reported that 29,695 weapons have been bought back or confiscated since the U.S.-led multinational force intervened, pointing out that buyback operations had slowed to the point that a safer environment could be assured.

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Government To Oppose U.S. Border Control Measures

PA0902202395 Madrid EFE in Spanish 1817 GMT 9 Feb 95

[FBIS Translated Text] Mexico City, 9 Feb (EFE)—Mexico will reject the border control measures proposed by President Bill Clinton during the meeting of the Binational Commission of Mexican- U.S. Migration Affairs, which will take place in Zacatecas on 13 February.

The meeting has been convened by both governments and, according to diplomatic sources, the central issue will be Mexico's rejection of the U.S. border control measures proposed by President Bill Clinton.

A Mexican Foreign Relations Secretariat spokesman told EFE today, Thursday, about the holding of the binational migration meeting and said the details of the meeting that will be made known before Friday.

In Zacatecas, 517 km north of the Mexican capital, the delegations of both countries will also review procedures for returning Mexican illegal aliens arrested by U.S. police.

According to sources from the U.S. Border Patrol, some 100,000 Mexican illegal aliens were arrested in January in 10 of the principal crossing points of the 3,000-km border between the two countries.

The Mexican delegation will also ask the U.S. delegation to comply with its commitment to previously consult with Mexico on the implementation of new immigration control plans, the media reported.

The U.S. Government intends to charge a toll at all border crossings to strengthen its fight against illegal immigration.

The Mexican Foreign Relations Secretariat officially opposed this possible measure by the United States, saying it will restrict trade and the tourism industry at the border, in addition to hurting the daily lives of residents on both sides of the border.

Zedillo Orders Arrest of EZLN Leaders

PA1002011895 Mexico City Radio and Television Networks in Spanish 0003 GMT 10 Feb 95

[Address to the nation by President Ernesto Zedillo from Los Pinos presidential residence—live]

[FBIS Translated Text] Good afternoon. The problem that has worried most Mexicans since January 1994 is the threat to social peace in Chiapas.

The conflict in that state has represented a constant risk to public tranquillity, peace, and justice. It has prompted a sharp deterioration of the economic and social conditions of the people of Chiapas, especially the Indian people. Thousands of families have been unable to receive health care; thousands of children have stopped going to school; and thousands of people have been displaced from their communities.

When I was a candidate for president, I expressed my firm commitment to get to the roots of the problem. Those roots are poverty, a lack of opportunity, injustice, and a lack of democracy. I have always believed that the solution to this conflict must be by way of respect for the law, through political channels, and through conciliation. In fact, even before I became president, I worked to establish direct negotiations with the EZLN [Zapatist National Liberation Army].

Since September 1994, I have sent written and oral messages to the EZLN leadership reiterating my willingness to hold dialogues and negotiations.

I continued doing so from the first days of my term. That willingness was answered with threats to break the cease-fire, with violent and armed incursions into several municipalities of Chiapas State, and with criminal and propaganda actions.

Despite those actions, I continued to insist upon the peaceful paths toward resolving the problem. To my repeated efforts for dialogue and negotiation, I added other initiatives. I proposed the establishment of a commission formed by the legislative branch. The Commission for Dialogue and Conciliation, formed by the PAN [National Action Party], PRD [Party of the Democratic Revolution], PRI [Institutional Revolutionary Party], and PT [Labor Party] was created in the Congress of the union.

I accepted the EZLN proposal to recognize the Conai [National Mediation Commission] as a mediation body, and I appointed the government secretary as the federal executive's representative to open negotiations. The government secretary held a meeting with EZLN leaders under the conditions and in the location established by them. Despite our insistence, they have not agreed to any new meeting.

On 5 February, at the commemoration of the anniversary of our Constitution in Queretaro, I made a new call to the EZLN to openly, expressly, and resolutely take the political path to make its demands. I stated that distrust could no longer be a valid excuse for delaying the dialogue because my willingness to negotiate has been fully confirmed by my actions.

Resorting to the Conai, the government secretary continued insisting this week that dialogue and negotiations with the EZLN begin.

Today, I must inform the nation that while the government was insisting on its willingness to hold a dialogue and negotiations, the EZLN was preparing bigger and better acts of violence, not only in Chiapas but in other parts of the country. Yesterday the Attorney General's Office discovered two clandestine EZLN hideouts in Mexico City and Veracruz State. There the authorities

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arrested some members of that organization who were in possession of a powerful arsenal: hand grenades, mortars, and explosives. Initial investigations indicate that the EZLN was on the brink of beginning new acts of violence.

These facts and the discovered evidence lead one to conclude that far from preparing for dialogue and negotiation, the EZLN strategy was to gain time to arm itself and extend itself to commit more violence.

The discovered evidence has confirmed that the origin, the composition of the leadership, and the objectives of the group are neither popular, Indian, nor from Chiapas. It is a guerrilla group, derived from one formed in 1969 in another state of the republic and called National Liberation Forces [Fuerzas de Liberacion Nacional], a supporter of the armed struggle to seize political power.

In order to protect the population and prevent further violations of the law and new acts of violence by the EZLN, the government must immediately assume its constitutional duty of guaranteeing the security of Mexicans and preserving social peace. The government cannot and must not remain indifferent in the face of violations of the Constitution, which in this case clearly entail a threat to the Mexican people and public order.

The evidence discovered yesterday has led to the identification of important members of the EZLN leadership and the detection of their suspected participation in the perpetration of many grave crimes. Therefore, in keeping with my responsibility of complying with and enforcing the Constitution of the republic, I gave precise instructions to the Attorney General's Office to undertake the preliminary investigations and to have the suspects turned over to the proper authorities.

Today, arrest warrants have been issued against the following people: Rafael Sebastian Guillen Vicente, alias Marcos; Fernando Yanez, alias German; Jorge Javier Elorreaga Berdegue, alias Vicente; Jorge Santiago Santiago; and Silvia Fernandez Hernandez, alias Sofia or Gabriela. In the same way, in view of the danger that the EZLN's violence signifies for society, the Attorney General's Office is proceeding to execute in Chiapas the arrest warrants against the suspects. By virtue of the power conferred by Section 6 of Constitutional Article 89, I have ordered Mexican Army troops to help the Attorney General's Office execute the arrest warrants and to conduct patrols in different points of Chiapas State to prevent violence.

This decision in no way implies that the government supports violence as a means to resolve the conflict in Chiapas or that it will give up its duty to heed the legitimate grounds for social discontent in that state. As soon as the pertinent information is gathered, I will convene the honorable Congress of the union in a special session. During that session, I will give a detailed report of the facts and will ask the legislative branch to help determine the best ways to restore the state of law, address social hardships, and advance toward a new political order in Chiapas for peace, justice, and democracy.

Answering the demands of the indigenous communities promptly and efficiently will be one of our primary objectives. I reiterate my commitment to undertake, along with the communities themselves and their organizations, special and sustained efforts to provide solutions to the conditions of health, nutrition, housing, and employment, as well to agricultural claims, human rights issues, and the administration of justice in Chiapas.

I will also ask the honorable Congress of the union to examine and approve an amnesty law, which EZLN members will be able to avail themselves of if they meet two conditions: 1. lay down their weapons; and 2. commit themselves to channeling their demands through the peaceful mechanisms of political participation provided by the law.

The channels for free, critical, pluralistic, and intense participation are and will remain open. The only condition by which we must all abide is full compliance with the law. Those channels have not and will not be closed to anyone who wants to participate in the creation of a better Mexico.

Today I urge all political parties and social organizations, especially those made up of Chiapas Indians and peasants, to peacefully contribute to the reestablishment of calm that the development of that Mexican state requires. The government of the republic is willing to make today's actions a decisive step toward a fair and definitive peace in Chiapas. We will move forward toward a solution that will respect the people's dignity and security. It is our collective responsibility to create new conditions in Chiapas in order to quickly and efficiently address the legitimate reasons for nonconformity, to work together for development with justice and democracy, and to forge a worthy life for all of us.

As I have done since I took office, my government will report in a timely and true fashion on the progress of the events and on all the important decisions that must be made. Thank you very much.

Federal Police Depart for Chiapas To Arrest EZLN Members

PA1002032195 Mexico City Radio ACIR Network in Spanish 0000 GMT 10 Feb 95

[Report by Jesus Casasola from the "ACIR Radio News" newscast]

[FBIS Translated Text] Good evening, listeners. I am standing outside the Federal Judicial Police [PJF] building at the intersection of [words indistinct] and Paseo de la Reforma in Colonia [word indistinct] Morelos.

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A few minutes ago we saw a group of approximately 150 PJF agents, dressed in black and heavily armed with submachine guns and handguns, enter several vans [words indistinct] belonging to the Attorney General's Office [PGR] and head for Mexico City's international airport.

In addition to the 150 PJF agents, there are also (?15) agents from Attorney General's Office of the Federal District [PGJDF] who will be witnessing the entire operation [words indistinct] following the warrant issued by a qualified judge based on the identification of several members of the Zapatista National Liberation Army [EZLN].

I would also like to stress that even though the National Defense Secretariat has not made an official announcement, it is well known that the Mexican Army has begun to move toward Chiapas State to support these (?operations) that were prompted by a formal order. Thus the Army will most likely participate in the operations to arrest the EZLN members who have been fully identified.

I would like to announce that here at the PJF headquarters there have been several briefings by commanders and group leaders. It was learned that several agents had to be recalled to [words indistinct] to Chiapas State.

That is all I have from the PGR offices. [as heard] Everything seems to indicate that an official communique will later be issued related to possible new arrest warrants against more EZLN members.

Federal Army Enters San Andres Larrainzar

PA1002030395 Paris AFP in Spanish 0203 GMT 10 Feb 95

[FBIS Translated Text] San Cristobal de las Casas, Mexico, 9 Feb (AFP)—An official source has reported that the Federal Army on the afternoon of 9 February entered the municipal county seat of San Andres Larrainzar, 25 km from San Cristobal de las Casas.

Mexican Army members aboard armored and gun vehicles quartered in the urban area of San Andres Larrainzar, a town seized by the Zapatist guerrillas and later evacuated in December 1994, said Nicolas Diaz, a mayor's office staffer.

The Army entered this community following President Ernesto Zedillo's announcement that he had ordered the arrest of the main Zapatist leaders, including "Subcommander Marcos."

At the same time, military helicopters were overflying the area, which is far from the Lacandona Jungle, the main redoubt of the Zapatist National Liberation Army (EZLN) leadership. There are no reports on mobilizations of troops for the time being.

In a televised message to the nation, President Zedillo said the Attorney General's Office on 8 February found two EZLN arsenals in Mexico City and the eastern state of Veracruz and that the Zapatists were planning new violence instead of preparing for the peace talks.

EZLN Declares Red Alert in Anticipation of Incursion

PA1002033395 Madrid EFE in Spanish 0255 GMT 10 Feb 95

[FBIS Translated Text] Las Margaritas (Mexico), 9 Feb (EFE)—"Captain Lucio" reported today that the Zapatist guerrillas on 9 February declared a red alert and began planting booby traps [trampas de montana] and mines on the roads leading to their territory in the Lacandona Jungle in light of a likely incursion by the Mexican Army.

The red alert by the Zapatist National Liberation Army (EZLN) is due to the seriousness of the capture of certain Zapatist commanders, Lucio told journalists in Nuevo Momon, where the guerrillas maintain their first roadblock in the Lacandona Jungle, 1,000 km southeast of Mexico City.

Attorney General Reports on EZLN Crackdown

PA1002145395 Mexico City XEW Television Network in Spanish 0430 GMT 10 Feb 95

[Report issued by Attorney General Antonio Lozano Gracia on government investigations and searches of the EZLN; in Mexico City on 9 February; from the "24 Hours" newscast—recorded]

[FBIS Translated Text] Good evening, ladies and gentlemen. Yesterday, 8 February, two different search orders were carried out—one in the state of Veracruz and another in the Federal District. The first search was conducted at No. 805 10th Avenue, between 8th and 10th Streets, in Yanga, Veracruz, where authorities seized an arsenal consisting of eight fragmentation grenades; two pressure grenades [granadas de presion]; eight .22, .25, .32, .38, and .45 caliber pistols; one Uzi machine gun; six rocket launchers; eight rifle grenades; eight plastic bags containing chlorates, nitrates, aluminum, and sulfur; 22 sausage-shaped explosives [explosivos en forma de salchicha] bearing the (TOBEX) logo; an explosive known as hydrogel; 18 meters of fuses used to detonate explosives; four primers used to detonate explosives; five rocket flares [cohetones pirotecnicos de polvora]; six fake explosive devices in a glass container; and a paper-made [as heard] explosive device. All of the above was found in the possession of groups belonging to the Zapatist National Liberation Army [EZLN]. This prompted us to begin preliminary investigation 1127-D-95.

The following people were arrested: Ricardo Hernandez Lopez, Hilario Martinez Hernandez, Martin Trujillo Barajas, Luis Sanchez Navarrete, Alvaro Castillo Granados, Hermelinda Garcia Zapahua, and Rosa Hernandez Hernandez. In their depositions, the aforementioned

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individuals acknowledged they were members of the EZLN. They stated that the materiel confiscated was destined for the EZLN in Chiapas to prepare for an offensive.

In the second operation carried out at No. 30 Tenayuca Street in the Vertis Narvarte neighborhood in Mexico City, Mrs. Maria Gloria Benavides, alias Subcommander Elisa, was apprehended. Authorities seized two 9 mm pistols, firearms exclusively used by the Army, Navy, and Air Forces; 300 cartridges of various calibers; and various documents of the National Liberation Forces and the EZLN.

After being informed of these incidents, the Attorney General's Office has taken action in accordance with its duties and authority under the law. It began preliminary investigation 1126-D-95 in which the accused, in her deposition, expressed she married Mr. Jorge Javier Elorreaga, alias Vicente, leader of the EZLN. She also identified Subcommander Marcos as Rafael Sebastian Guillen Vicente, who was formerly known as Zacarias, and Mr. Fernando Yanez Munoz alias Raul and German, as the person who was responsible for receiving money and purchasing weapons for the EZLN and who still exerts a great deal of influence on the decisions of the self-proclaimed Zapatist Army. This investigation will be forwarded tomorrow to the competent judicial authority for prosecution against these individuals on charges of terrorism and related offenses.

We also began preliminary investigation 1125-D-95 related to 39-I-95, the record of which is on file in Tuxtla Gutierrez Chiapas. Regarding the former investigation, Jorge Salvador Morales Garibay appeared before authorities, stating that at the invitation of Mrs. Silvia Fernandez Hernadez, alias Sofia or Gabriela, who worked together with him as a professor at the Autonomous Metropolitan University, Xochimilco Branch, he was introduced to people belonging to the National Liberation Forces. This organization was later renamed the EZLN. Among others, he met Rafael Sebastian Guillen Vicente, alias Zacarias or also alias Subcommander Marcos; Mr. Fernando Yanez, alias German; Mr. Jorge Santiago Santiago; Mr. Jorge Javier Elorreaga Verdegue, alias Vicente; and Mrs. Maria Gloria Benavides Guevara, alias Elisa—all of whom are members of the leadership of the EZLN.

This information was added to the previously mentioned information, and criminal proceedings were initiated today against all of these people, except Maria Gloria Benavides Guevara, alias Elisa, who will be processed under the previous investigation identified as 1126-D-95. Arrest warrants also were requested for (Sebastian Etsin Gomez), Filiberto Gomez Diaz, Miguel Gomez Diaz, Carlos Gomez Diaz, Israel Gomez Diaz, Pedro Velasco Perez, (Denancio Jimenez Lopez), Mercedes Garcia Lopez, Antonio Lopez Santiz, Jose Luis Santiz Perez, Mariano Santiz Vasquez, Arnulfo Perez Aguilar, and Domingo Perez Aguilar. These people are charged with sedition; mutiny; rebellion; conspiracy; terrorism; possession of weapons restricted to the Army, Navy, and Air Force; transfer of weapons restricted to the Army, Navy, and Air Force; promoting criminal activities; and abetting such activities or vices. The arrest warrant requests were granted by the First District judge of Tuxtla Gutierrez, Chiapas.

Based on this, the Attorney General's Office will take steps to locate and apprehend the alleged criminals and bring them before the court handling the case.

Conai Asks Government, EZLN To Reflect

PA1002045995 Mexico City Canal 13 Television Azteca Network in Spanish 0400 GMT 10 Feb 95

[From the "Facts" newscast]

[FBIS Translated Text] We have just received a communique from the National Mediation Commission, Conai. I will give you the highlights.

First, it says Conai's efforts have been constant and permanent in undertaking its responsibility, even before the two parties asked it to assume the tasks of mediation. In the last few days, the situation between the parties, despite Conai's renewed efforts, has been at a dangerous impasse as a result of government pressures and distrust by the EZLN [Zapatist National Liberation Army].

Meanwhile, the statement this afternoon by President Zedillo, along with the dynamics of international events and the activation of local and regional conflicts, could seriously alter the immediate possibilities of the peace process. That is why we ask the parties to reflect on the merits of the proposal presented by Conai early today, 9 February, to advance in the agreements on the conditions for a stable truce and to hear the voice of civilian society, which is involved in the encouraging task of seeing our fatherland move on the paths toward more justice, democracy, and participation.

This document is signed by Samuel Ruiz, Concepcion Calvillo Nava, Juana Maria de Garcia Robles, Pablo Gonzalez Casanova, Oscar Oliva, Juan Banuelos, and Raymundo Sanchez Barraza.

Sources Close to Marcos' Family Provide Background Details

PA1002043195 Mexico City NOTIMEX in Spanish 0251 GMT 10 Feb 95

[FBIS Translated Text] Mexico, 9 Feb (NOTIMEX)—Rafael Sebastian Guillen Vicente, identified a few hours ago as "Subcommander Marcos," leader of the Zapatist National Liberation Army (EZLN), is originally from Tampico, Tamaulipas State, and was educated in Jesuit schools.

Sources close to the Guillen Vicente family who asked to remain anonymous added that Rafael Sebastian's father

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is Alfonso Guillen Guillen, who was national president of the Sales and Marketing Executives Confederation about 10 years ago.

According to the sources, "Marcos" is between 30 and 35 years old, was educated through secondary school at Tampico's Instituto Cultural, run by Jesuits, and then went to the Technological Institute of Higher Studies of the West in Guadalajara, Jalisco.

In that institution, also run by Jesuits, Marcos studied communications science and became friends with Mario Saucedo, current secretary general of the opposition Party of the Democratic Revolution (PRD).

The sources indicated that "Subcommander Marcos" did his social service in the Lacandona Jungle in southeastern Chiapas State and the Tarahumara Sierra in northern Chihuahua State, two regions inhabited by impoverished Indian communities.

They added that his parents, Alfonso Guillen and Socorro Vicente, who have not seen Marcos for 8 years, own a furniture store chain in southern Tamaulipas and northern Veracruz and have eight other children.

One of their children is Alfonso Guillen Vicente, who is a professor at the University of Baja California Sur and has a doctorate in political science. Paloma Guillen Vicente is a local deputy and presided over the state congress during the governorship of Emilio Martinez Manatou. She is the wife of Guillermo Morfin. Carlos Guillen Vicente, who died last year, was a career sociologist and worked in the Tamaulipas Secretariat of Comptrollership and Administrative Development.

"Subcommander Marcos'" wife was identified only as Silvia. According to their neighbors, the couple spent Christmas last year in their home on Ebano Street in Tampico.

Public Security Forces To Protect Mexico City Media Offices

PA1002035695 Mexico City Radio ACIR Network in Spanish 0335 GMT 10 Feb 95

[FBIS Translated Text] The authorities of the Federal District in Mexico City have ordered, through the Public Security Secretariat, an operation to provide security and protection to the mass media, mainly television and radio stations and newspapers.

Outside Radio ACIR we already have three or four patrol cars from the Public Security Secretariat which are providing protection and trying to prevent at all cost the seizure of any radio station by members or supporters of the Zapatist group.

Zedillo: Country 'In a Hurry' To Achieve Recovery

PA0902145495 Mexico City XEW Television Network in Spanish 0430 GMT 9 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo has completed his first tour of Mexico State. In (Jinecatepec), the president inaugurated the expansion of the Technological Institute of Higher Studies and participated in a job promotion meeting. He said that in the next few months the critical situation in Mexico will be overcome.

[Begin Zedillo recording] Mexico is in a hurry and it is in a hurry to achieve an economic recovery that can generate the jobs demanded by Mexicans. During the next few years, we need to create 1 million jobs each year. [end recording]

Zedillo told residents of Coacalco, Atizapan, Tecamac, Cuautitlan, (Ixcali), Tutitlan, Naucalpan, and Acatepec gathered that resources will be devoted to developing programs for the people without the participation of corrupt officials.

Later on the president traveled to the Justice Palace in Tlalnepantla where he presided over a meeting on the government's commitments to the justice system in Mexico State.

The president ended his tour in Toluca. The social development, labor, and agrarian reform secretaries and the governor of Mexico State accompanied him on his tour.

PRD Reacts to Zedillo's Dialogue Call, Economic Policy

PA0902163095 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 9 Feb 95

[Report by Agustin Rodriguez from the "Early Morning" newscast—passages within quotation marks recorded]

[FBIS Translated Text] Following President Zedillo's call to all parties to immediately join the national dialogue for the political development of the country, the PRD [Party of the Democratic Revolution] has this occasion to express its support for the executive.

At the Monterrey 50 building, the PRD expressed its agreement regarding Zedillo's statement on the need to begin a dialogue as a useful mechanism to appropriately conduct the political life of the country.

[PRD Representative Gilberto Rincon] "The road of political consensus requires, as national and world experience demonstrates, a favorable climate and conditions which are built on facts. The conditions for undertaking reforms lie in resolving old conflicts."

This dialogue must begin now, because, PRD representatives explained, there is danger of confrontation in Jalisco.

[PRD President Porfirio Munoz Ledo] "The situation in Jalisco is very tense. Both the PAN [National Action Party] and PRI [Institutional Revolutionary Party] have made very aggressive remarks. The possibility that PAN

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will win is very real, and there is a very hard attitude on the part of PRI groups, supported by defiant local oligarchies in other states."

Regarding economic matters, the PRD will hold yet another meeting to challenge the new economic policy.

[Rincon] "We will hold a national referendum [consulta nacional] on Sunday, 26 February. It calls on the people of Mexico to mobilize in favor of a new economic policy, as well as to support the national production, higher income, employment, and the renegotiation of the foreign debt."

With this, the PRD stated that a great deal of progress has been made so that dialogue can help resolve national problems.

Bankers Ask for Exchange Stabilization

PA0902155895 Mexico City XEW Television Network in Spanish 0430 GMT 9 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican bankers are asking for urgent exchange rate stabilization.

A higher degree of certainty regarding the country's exchange policy could lead to a drop in interest rates and this is fundamental for all of society, according to Jose Madariaga Lomeli, president of the Mexican Banking Association, following the association's monthly meeting in Mexico City.

[Begin Madariaga recording] We understand it is very important for there to be a monetary policy that can lead to the stabilization of the exchange rate so that interest rates can drop. This is important because, as I have already said, with current interest rates it is difficult for companies and banks themselves to be successful. [end recording]

Jose Madariaga announced that the upcoming operation of the so-called Credit Bureau, in which debtors will be classified as punctual or slow payers, was one of the topics discussed at the bankers' meeting in which Finance Secretary Guillermo Ortiz and Bank of Mexico Governor Miguel Mancera participated.

As for the proposal made by Fidel Velazquez, secretary general of the Confederation of Mexican Workers, to contribute one day's salary to face the crisis, Madariaga did not say if he agreed or not, but said it would be most advisable to show our solidarity by working more to increase the country's production.

Commercial Bank Overdue Debt Portfolios Increase

PA0902182495 Mexico City REFORMA in Spanish 7 Feb 95 p 13-A

[Report by Roberto Aviles]

[FBIS Translated Text] At the end of December 1994, the overdue debt portfolio at 17 commercial banks totaled 42.37 billion new pesos. This was a 42.1 percent increase over the same period of the previous year, according to official figures from the banks themselves and the National Banking Commission (CNB).

Banco Obrero registered the highest outstanding figure (overdue debt versus total credit portfolio) totaling 15.1 percent.

The 17 banks included in the study showed an average 7.5 percent overdue debt ratio.

According to information provided by the sources, 15 banks had initiated legal action by the end of December 1994 to collect approximately 3.57 billion new pesos. This was a 47.9 percent increase over the previous year.

The banks recording the largest increase in their overdue portfolios are Banpais, Bancrecer and Probursa with increases of 167.6 percent, 103.1 percent and 100.9 percent respectively.

The Banamex [National Bank of Mexico], Bancomer [Bank of Commerce], Serfin, International Bank, and Inverlat hold 72 percent of the total studied.

Regarding legal collection action, Bancomer, Serfin, and Banamex recorded the highest amounts: 790 million, 755 million, and 571 million new pesos, respectively.

These three institutions alone hold 59.3 percent of the total collection figure for all 15 commercial banks during 1994.

Banks displaying the highest increases in sequestrations in 1994 over 1993 figures were Bancrecer with a 418.0 percent increase, followed by Inverlat with a growth of 94.4 percent, and Atlantic Bank with a 91.6 percent increase.

The National Coordinating Board of Banking Customers [Coordinadora Nacional de Usuarios de la Banca] said that beginning this month it will file a class action suit demanding the annulment of loan collateral procedures that several banks have initiated on the grounds that such actions are illegal.

Francisco Castro de la Cruz, the organization's adviser, said that he has almost 1 million claims against the banking institutions for illegal procedures.

The National Coordinating Board of Banking Customers brings together more than 100 civil organizations from across the country.

Foreign Debt To Swell Under Devaluation, Debt Swaps

PA0902195695 Mexico City UNOMASUNO in Spanish (ECONOMIA supplement) 8 Feb 95 p 4

[Report by Luis Martin Gonzales Guadarrama]

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[FBIS Translated Text] Foreign bank financial analysts have said the Mexican foreign debt swap plan and the December devaluation will increase the overall foreign debt, which totaled 36.5 percent of the GNP in 1994, to 64 percent of the GNP in 1995. The Secretariat of Finance and Public Credit, however, said that, for the time being, the foreign debt is cheaper and represents less of a risk.

Nevertheless, in nominal terms the foreign debt has increased by 20.16 percent, jumping from $85.435 billion to $102.659 billion. That is a difference of $17.223 billion ($12.223 billion more than what Congress authorized for 1995).

The analysts pointed out that if small and medium-sized enterprises are not given some sort of support measures, especially in the form of tax incentives and debt restructuring at local banks, this sector will surely face a very difficult situation. Unemployment will rise severely if they are unable to maintain their current payrolls, while some companies might even decide to shut down.

One of the specialists noted: "What the country needs is to increase its domestic savings deposits. We must admit, however, that most of the people will prefer to spend what they have on the goods they need. They will save at home to buy necessary but more expensive goods in cash, out of fear that credit will make them even more expensive, but they will not come to the banks."

The analyst explained, stating that small and medium-sized business generates most of the country's job opportunities and, consequently, a greater part of the GNP. It would be a mistake to burden this sector with greater taxes, forced loan collections, and financial restrictions. Such action would obliterate the possibility of this important sector contributing its savings. He also said that having workers contribute one day's salary would be insufficient in resolving the problem. "They would have to donate at least 15 days of salary. That is unreal, especially because the people believe that this situation, although created by politicians, affects only those who have less." Nevertheless, if the idea is approved, "then secretaries of state, mid-level officials, and the whole bureaucratic apparatus would have to compensate with two of three days of salary." If not, then it is inadvisable to pressure the labor sector.

It is noteworthy that the Finance Secretariat announced that it has secured lines of credit to provide Mexico with liquid assets, which will allow the exchange of short-term domestic debt for long-term foreign debt.

The secretariat noted that the funds will be used to withdraw federal treasury bonds [Tesobonos] and other short-term notes from the market and exchange them for long term foreign debt commitments.

The agency listed the advantages of such a swap: Debt service costs will drop considerably, because dollars interest rates are much lower than new peso interest rates; also, there will no longer be a need to refinance Tesobonos each time they mature. Tesobonos are to be paid in full this year and replaced with five and 10-year maturity bonds, which will favor a more stable atmosphere.

The foreign debt, then, will rise from $85.435 billion to $102.659 billion, and that is a 20.16 percent increase.

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El Salvador

Calderon Sol Presents Economic Plan

PA0902193695 San Salvador Radio and Television Networks in Spanish 0206 GMT 3 Feb 95

[Address to the nation by President Armando Calderon Sol to unveil his economic program in San Salvador on 3 February—live or recorded]

[FBIS Translated Text] Fellow countrymen: In the past weeks, we have maintained open discussions and the exchange of ideas over the government's proposed economic plan, which is basically an economic platform to promote the overall social development of the entire country. After discussing this with different groups of workers, businessmen, farmers, politicians, intellectuals, and government officials in the area and after studying their views, we are now ready to present them to all Salvadorans. This is why, with all due respect, we want to share the plan's basic ideas with you, who are watching us from your homes.

The day I assumed the presidency of the republic, I said: We are going to strengthen free competition in the market. The state must act as an arbiter in the market to prevent abuses. In this area, we must eliminate the distortions that still remain to protect producers as well as consumers. Progress should be based on the efficiency of competitiveness, but without losing sight, that the economy must have a social purpose because it is not there to accumulate but to generate wealth to improve the living standards and quality of life of all the inhabitants. In other words, it should be the mechanism to attain the common good. These ideas are based on the mandate of the Constitution of the republic, which says in Article 1: El Salvador recognizes its citizens as the source and the beneficiaries of the activities of the state, which is organized to guarantee justice, judicial security, and the common good. Constitutional Article 101 adds that the state will promote economic and social development by increasing production, productivity, and the rational use of resources. To accomplish this, the state will also promote the various productive sectors and will defend the interests of consumers.

Our vision as a nation is to transform El Salvador into a country of opportunities with equity. We believe this is the goal of all Salvadorans. The economic plan is nothing but a platform for social development because it seeks the wellbeing and progress of all Salvadorans, not only groups, and because it leads to the generation of more resources to finance the social programs. The plan specifically seeks to finance investment in education and health programs, which benefit the citizens directly.

The plan's key objectives include transforming economic growth into a mechanism for sustainable and equal integral development; eliminating the distortions that benefit a few to the detriment of the majority; improving living standards in the rural areas, thus reducing migration flows into the urban areas; increasing opportunities and productivity in the urban areas to improve living standards, particularly in the slums where poverty concentrates; strengthening small and medium businesses giving them better opportunities to progress; making the country attractive for national and foreign investment; and joining world production chains to generate more businesses, trade, and as a result, more jobs so that we can all live better, particularly our workers.

As for our workers, we must stress that to lure investment, we must reduce operational costs in the country. Thus, we can have high wages and still lure investment. We do not want to be attractive because we have low wages; that would be contrary to development. We are categorical when we say that the wellbeing of our workers is not for sale.

Our mini-, small-, mid-, and large-scale companies and the men and women who create jobs and opportunities are the ones who must face the challenge of modernizing efficiency and quality by investing in their companies while implementing new technologies and training their workers to be more productive to ensure that they will be able to earn more.

I would want to explain the four main policies included in the economic plan. Foreign exchange policies will establish a freely convertible system, which will be entirely backed in dollars, and an exchange rate of 8.75 colones to the dollar, which is a rate almost similar to the one that has prevailed in the market for almost two years. This rate means that the central bank will be able to issue colones only in exchange for dollars, and people will be able to freely obtain dollars by exchanging their colones. In addition, people will be completely free to conduct business transactions in dollars. These policies will simply instill trust and credibility in long-term investments, will encourage savings, and will protect salaries.

As for the latter issue, let us consider the following example: if one earned 250 colones when the exchange rate was 2.50 colones to the dollar, one would be making $100 per month. When the rate dropped to five colones to the dollar, that person's salary suddenly dropped to only $50. He lost half the purchasing power of his salary or pension. That is why it is very important to set a freely convertible system that will have a constant colon-dollar relationship, because devaluation is the worst tax levied on the entire population, therefore, the new exchange policies assure there will be no devaluations.

On the other hand, thanks to this system, inflation and interest rates will slowly drop to levels close to those of the U.S. market. What benefits are we seeking as we do this? Lower interest rates and a fixed exchange rate. We also seek to facilitate investments and machinery and equipment purchases, thus reconverting the country's productive foundations. This reconversion, in turn,

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means more jobs, better salaries, and more trade opportunities for our companies here and abroad.

Regarding those families that bought their houses on credit, a lower interest rate translates into lower monthly payments, thus leaving more money available for other activities. Also, if a family wants to purchase a house and cannot do it because the monthly payments are too high due to high interest rates, as they drop, the family will have the opportunity to purchase the house and make one of their biggest aspirations a reality. This will also increase the demand for houses, thus prompting more construction, jobs, and welfare.

The trade policies will make the country more attractive to invest, produce, and help it become much freer, economically speaking. Customs tariffs constitute an import tax that is adversely affecting Salvadoran exports and local consumers. We must decrease customs tariffs in order to lower operational costs in our country and reduce the prices Salvadoran consumers pay. We have emphasized the gradual aspect of the policies. Many producers have rightfully taken advantage of the customs tariffs and have already become competitive and efficient. They are ready to successfully face international competition.

However, those who have been unable to reconvert themselves will have the necessary timeframe to do so thanks to the gradual aspect we agreed on.

As for the agricultural sector, we will implement customs tariff policies that will prevent the disloyal competition posed by foreign products, imperfect markets, and certain distortions such as the subsidies that certain countries give to their products. Moreover, we will implement a technological training policy in accordance with the requirement of modernizing and reconverting production, which the country's rural and agroindustrial developments are demanding. They will also benefit from lower production costs, as well as from more credits, and will encourage the countryside's progress. We will reduce the customs tariffs on machinery and equipment to 1 percent. This tariff will trigger a reduction in the investment and production costs of those companies that, thanks to lower interest rates and a freely convertible exchange system, are now able to acquire, in a trustworthy fashion, inexpensive and long-term credits to reconvert themselves and become more efficient and competitive anywhere in the world.

This is a great opportunity for the Salvadoran companies, and given the capacity of our businesses and the quality of our workers, our success is guaranteed. We have proposed to the Central American governments to reduce tariffs gradually in an attempt to benefit producers as well as consumers. Currently, we are holding regional discussions to make Central America join the trade strategy proposed by El Salvador. We believe this will be crucial for achieving economic modernization and the advancement of all Central Americans.

The policy to modernize the public sector seeks to transform it into a supporter of the private sector and includes six areas of action. The first one, the decentralization of public services, will ensure greater efficiency, coverage, and quality. This decentralization will allow the participation of citizens in the formulation and implementation of public policies and will strengthen the subsidiary role of the state. Deregulation, the second area, will create the legal instruments and the regulation organizations to guarantee the simplification and strengthening of the regulations affecting the country's various productive activities; the protection of the environment and natural resources; the freedom to enter the markets and compete freely; the supervision of those businesses that produce or lend services under monopolistic conditions; and the protection of consumer interests.

Privatization. Privatization is a means to adjust the public adminsitration to the new subsidizing and assisting role of the state in order to liberate it from productive functions in economic as well as social matters that can be more efficiently performed by private individuals within a competitive framework. In this sense, the state will strengthen its regulating capacity to guarantee competition, the quality of services, and the protection of the consumers. On the other hand, with privatization, the structure of the state's investments will change to allow priority investment in education, health, and public security.

Human Resources Management. Modernization in the management of human resources will gradually consolidate a government service in number and personnel adequate for the new assistance role of the state and for the requirements for excellence of the public administration. To this end, conditions will be created to motivate and reward the progressive development of the public sector.

Reform of the social security system. The reform of El Salvador's social security system will ensure that the pensions will guarantee the worker a dignified and secure old age. To this end, we will introduce a system of individual capitalization in which each worker will control his own savings, that is, he will be the supervisor of his own future so as to have the security that his funds will be available when he deservedly retires.

Modernization of the purchasing, contracting, and government control management. Laws and regulations will be established to guarantee that the bids, contracts, and purchases by the government will be honest. In addition, the correct and efficient use of public resources will be promoted by modernizing the accounting and procedures of internal auditing systems. As a result of the public modernization plan, a new institutional culture will be created to achieve honesty in state decisions and use of the state's resources.

Public employees will be transformed into public servants. All this will benefit the public.

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In the fiscal area, we will make great efforts to maintain fiscal discipline using the two most important tools: increasing tax revenue and reducing the government's expenses.

We are aware that the level of tax evasion is very high. That is why in my first message as president, I said: Through our fiscal policy we are going to fight with determination the culture of tax evasion and tax fraud, until one day we will have the satisfaction of saying: I demand because I pay my taxes; I demand because I contribute to make my country a great and prosperous nation. That is one of our strongest commitments.

That is why, as part of the plan, we are going to begin a number of actions so that all those who have to pay will pay. The fight against tax evasion and fraud is essential if we do not want to increase taxes, especially the value added tax, which has a strong impact on the majority of the people.

We must not forget that the peace areements must be funded. The international community has given us great help, but it is not enough. That is why, along with collecting more taxes, we must limit spending. I would like you to understand that each time there is a request for an additional expenditure dealing with the peace agreements or any other area and people say, let the government pay, it is the same as saying: I accept the expenditure, I want to help pay for it, and therefore, I do not have any objection to tax increases.

This is so because the government does not generate resources. It obtains them from the taxes paid by all Salvadorans. As a result, we issue a call to all Salvadorans to bear in mind that the country has financial limitations and, therefore, avoid tax increases [as heard].

Details of each of these policies as well as the other components of the plan will be made known by the ministers of the economic field in the next few days.

Fellow countrymen: El Salvador has a great opportunity to make a great leap forward in quality. We either enter the globalization process now or other countries will be the ones doing so. We will either be among the first or we will be among the last, taking the leftovers in the world market. Let us be the leaders among the freest countries. Let us think about the present by looking to the future. Let us stop short-term visions. Let us decide to take the path of development. Otherwise we will feel mediocre and inferior and fear change and progress. Let us not be afraid to be free. If we learn to enjoy freedom, no one will ever be able to snatch it away because it will be part of our lives. It will be the force that will encourage us to create, produce, and view progress calmly so as to defy the future and achieve success.

The country demands a modern, efficient, and competitive private sector, which, in turn, demands a modern and efficient public sector that facilitates private activity. We are sure that together we will be able to make the changes in the economic, social, legal, and political fields. We know that when we unite, we achieve our objectives. All Salvadorans achieved peace. We are rebuilding the country, strengthening democracy, and building new institutions. We have been described as an example for the world because of our ability to meet commitments and attain peace. Now, working together, we can become an example of economic freedom and determination to achieve progress.

Let us turn this economic platform for social development into a national plan so that tomorrow we will all earn much more, because in this way, we will all live better. For the first time in our history, an economic plan has been openly submitted to public debate and different opinions have been taken into account to enrich it. We act in accordance with democracy because if ideas are not challenged, they do not mature, limiting the possibilities of finding the best options to solve our problems and move toward development.

Brothers, let us unite and turn El Salvador into a country of equal opportunities. The future is today and it is in your hands. Good evening and thank you very much.

PLD Leader's Charges of Corruption Discussed

95P20473 San Salvador PROCESO in English 18 Jan 95

[Published by the Central American University's Center for Information, Documentation, and Research; received via Internet] [Text] The president of the Freedom and Democracy Institute (ILYD) and key figure behind the newly-formed Liberal Democratic Party, Kirio Waldo Salgado, fired his first salvo at key players in the president's administration—notably former ministers Ricardo Montenegro and Carlos Mejia Alferez—whom the right-wing ideologue accused of corruption and influence-peddling while in office. Next, Salgado trained his guns on the president himself, accusing him of being part of a "golden ring" which financed his electoral campaign. Former president Alfredo Cristiani did not escape Salgado's vitriol: he was accused of illicit activities from which he profited, including the transfer of medicines from the Armed Forces' pharmacy to his own privately owned pharmaceutical distributor, as well as the unknown use of millions of colones from the president's "discretionary" fund. The most recent offensive in Salgado's "holy war" has targeted the Legislative Assembly where, according to the right-wing analyst, there have been many instances of corruption, specifically that some deputies received payoffs during the negotiations to appoint a new Supreme Court last summer.

The confrontation between Kirio Waldo Salgado and the legislature began last October 14, when Salgado, during a televised interview, complained not only about alleged illicit activities on the part of several deputies, but also that many opposed the creation of a commission to investigate corruption. Among those opposed to the

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commission, according to Salgado, was the president of the legislature, ARENA leader Gloria Salguero Gross, whom he also accused of tax evasion and links to the death squads.

On December 1, Salguero Gross accused Salgado of abusing his right to freedom of expression, turning the right into "anarchy and degeneracy." Her reaction was followed by a more institutional reply from the legislature: on January 4, the legislative governing board asked the Attorney General's Office to initiate criminal proceedings against Kirio Waldo Salgado on charges of libel. As evidence, the deputies cited the televised interview of last October, in which Salgado allegedly offended the image, dignity and good reputation of the abovementioned deputies, by saying that they were corrupt and that they had sold their consciences to the highest bidder by accepting contributions in exchange for votes for the Supreme Court magistrates.

The legislature's institutional posture—well-received by the Attorney General's Office, which subpoenaed Salgado to appear on January 6 to present evidence on his behalf or else face a criminal libel suit—turned into a personal confrontation between the president of the Legislative Assembly and the ideologue of the ILYD.

On January 5, Salguero Gross called Salgado a misfit and anti- establishment, because of the charges he made against the legislators and herself. She also said that Salgado had called into question the integrity of the Supreme Court appointments, knowing full well that he was committing a crime against the nation's democratic process. She also said that Salgado's intransigent posture had forced the legislature to file a criminal suit against him in order to force him to prove his charges.

On January 6, Kirio Waldo Salgado appeared before the Attorney General's Office and not only reiterated his charges of legislative corruption, but also charged Salguero Gross with tax evasion by means of a certain anomalous purchase of corn. Salgado also accused the representatives of the social democratic faction in the legislature (Joaquin Villalobos, Eduardo Sancho and Ana Guadalupe Martinez) of collusion with Salguero Gross, and of living opulent lifestyles with funds which must be investigated. More specifically, Salgado revealed the names of deputies who merited investigation: Julio Gamero, Rene Figueroa, Walter Araujo, Salguero Gross and Milena de Escalon, all from ARENA; Rafael Machuca, of the PCN; Aristides Alvarenga, of the PDC; and the deputies from the ERP and RN factions. Meanwhile, with regard to Salgado's visit, Attorney General Romeo Melara Granillo said, "Dr. Salgado has presented no evidence, but rather has requested that the investigations be initiated," and was then urged to come up with the proof he claimed to possess about legislative corruption.

Since Kirio Waldo Salgado's statements to the Attorney General's Office revealed no new evidence (neither did statements from former deputies Rafael Moran Castaneda and Ruben Zamora on the 9th), certain ARENA members, including Gerardo Suvillaga and Rene Figueroa, worked up enough courage to accuse the right-wing politician of not only mocking justice, but also trying to win popularity through his public charges, all of which merited a criminal libel suit. On January 13, the suit was virtually a reality, after the head of the Penal Division, Mauricio Rodriguez, confirmed that his office had sent the 84 legislative deputies a note asking them to make their respective statements. "If the deputies reply by saying they know nothing," said Rodriguez, "then we have reached the end of the alleged evidence Salgado says he has, since he has contributed nothing to the case."

As things stand, it appears as if Kirio Waldo Salgado will have to defend himself against a criminal libel suit by the Legislative Assembly, which will put him in the same situation as Marco Antonio Batres and Joaquin Villalobos, who also were recently forced to defend themselves against similar suits. It is not so certain, however, that Salgado's case will have the same outcome as the rice importer and the social-democratic politician [who were both released from jail], and for one basic reason: neither Batres nor Villalobos managed to make such powerful enemies in such a short time as Salgado did. In a society in which the rule of law is consolidated, one's political and economic enemies—and one's influential friendships—are less decisive in defining judicial outcomes than strictly legal evidence and arguments. In El Salvador, just the opposite occurs, and this explains the outcomes of countless legal battles in which drug traffickers, kidnappers, forgers and thieves have been set free with no regard whatsoever for the evidence collected by the judicial system. Kirio Waldo Salgado must now confront the Legislative Assembly, which contains a broad array of political specimens apt to be offended by that ideologue's attacks; furthermore, he has won himself powerful enemies among key members of the nation's economic and political elite. The question now is not whether Salgado can come up with the relevant proof to back up his charges, in order to deduce criminal responsibility, but rather whether he has enough support from the nation's political, economic or military elite to face down the powerful enemies he has made in his tireless and polemical "crusade."

In any case, Salgado's charges of illicit activities on the part of some legislators must not be ruled out a priori. The seriousness of the charges as well as the morality at stake and the past records of some of the legislators in question lend credibility to Salgado's hypothesis that not only have some taken advantage of their positions to obtain benefits above and beyond what the law permits, but also that some received payoffs for certain votes. If progress is to be made in cleaning up the nation's political institutions, investigating and clarifying the allegedly illicit conduct of some members of the legislature is imperative not only for the judicial branch, but also for the Legislative Assembly itself.

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Honduras

Foreign Minister on Regional Ties With Cuba

PA0902204195 San Pedro Sula TIEMPO in Spanish 6 Feb 95 p 25

[FBIS Translated Text] Tegucigalpa—Honduran Foreign Minister Ernesto Paz Aguilar has stated that the Central American governments' talks with Cuba will occur in a matter of days within the framework of the resolutions adopted at the Miami summit to help solve problems in that country.

Paz Aguilar said the goal of governments in the region is to endorse a process of peaceful changes for the Cuban people's future.

He said he has received no communication from the U.S. Embassy on its nonconformity regarding the meeting proposed by Central America and Esquipulas II.

"At the Miami summit, the Central American presidents offered their mediation to help solve the Cuban Government's problems, and an appeal has been issued to sponsor a dialogue among all the parties, without exception," he said.

He also insisted that the establishment of diplomatic relations with Cuba has not been ruled out, adding that economic, cultural, and sports relations will be improved.

Moreover, he confirmed Spanish Prime Minister Felipe Gonzalez will visit the country this month and talks will be held to discuss agreements and protocols in the economic and financial sectors. He also said former President Jimmy Carter has been invited to visit the country.

Nicaragua

Front To Support Reforms Established

PA0902160195 Managua EL NUEVO DIARIO in Spanish 2 Feb 95 pp 1, 8

[Article by Edgard Barberena S.]

[FBIS Translated Text] After all reforms to the political Constitution were approved last night, National Assembly [AN] President Luis Humberto Guzman, during a historic parliamentarian session, announced the establishment of a national front in support of the reforms made up of prominent personalities of various ideological orientations.

He thanked Cardinal Miguel Obando y Bravo for supporting the reforms and suggested that the high-ranking Catholic Church dignatary be its leader, but he also mentioned other persons such as Carlos Tunnermann, Roberto Arguello Hurtado, Emilio Alvarez Montalvan, Alberto Savorio, and Ivan Escobar Fornos. Guzman also referred to the popular support given by political parties and civic associations.

These reforms were deemed important among diplomatic circles and received ample support from key countries due to international interest in our country.

The Other Side

Guzman told reporters that the reforms to the Constitution will lead to economic reform, will limit discretionary powers, and will promote foreign investment, because taxes will no longer be arbitrarily imposed or used as a political weapon because their establishment will be preceded by public debate.

He said that the reforms are protected by the will of the majority of the population, because the government failed in its attempt to attack the AN with state coercive bodies. Guzman added that the adoption of measures against the Parliament, including a possible economic suffocation, would entail "gambling for chaos in Nicaragua."

What Was Approved Yesterday

At its fifth session, the AN approved the constitutional reforms by a vote of 63 to 0, with no abstentions, and they will come into force on the day they are published by the media, although they will also be published in the official newspaper LA GACETA later, at which time the date when the reforms were first published must be specified.

The legislators included an article on final and temporary provisions and said they will be in force for as long as charter decrees and basic laws of ministries of state and autonomous and government institutions do not run counter to the Constitution.

Within 90 days of coming into force, the president of the republic must submit to the AN the basic law that will regulate the organization, jurisdiction, and procedures of the executive branch.

By a vote of 64 to 0, with no abstentions, is was decided that tax legislation will continue to be in force with the modifications established by this reform, according to a motion filed by Sandinist bloc chief Dora Maria Tellez.

The reforms also include temporary provisions stating that current magistrates of the CSJ [Supreme Court of Justice] and CSE [Supreme Electoral Tribunal] will complete the terms for which they were appointed. Current magistrates of the appeals tribunals will continue to serve for one more year, starting on the date these reforms are published, and they may be reelected.

The remaining officials of the judicial and electoral branches [as published] will continue in their posts until they have completed their terms, in accordance with the laws that regulate these topics. The wording adds that

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once the reforms are implemented, the AN will elect the magistrates to fill the vacant CSJ posts within 45 days.

The AN will also have a 120-day deadline to elect the comptroller general and deputy comptroller general of the republic, while the superintendent and deputy superintendent of banks will continue in their posts until the period for which they were appointed expires. The closing of the constitutional debates was witnessed and recorded by an impressive number of local journalists as well as correspondents from international news agencies, including AFP, ACAN-EFE, DPA, NOTIMEX, and the Mexican television network ECO-TELEVISA.

What Was Approved Yesterday

During the final congressional session, the AN approved the articles pertaining to the Comptroller General's Office in the second round of debates. The AN introduced and approved additional material to Article 155 Cn, including a new subparagraph that was approved as follows: It will be up to the Comptroller General's Office "to control, review, and evaluate the administrative and financial operations of public offices, offices subsidized by the state, and public and private companies in which public funds are invested."

With 64 votes in favor, another addition sponsored by various political parties was inserted into Article 156 Cn. This addition reads: "The Comptroller General's Office must make the result of its investigations public, and whenever these results lead to the presumption of criminal responsibility, it must send its investigation to the courts. If it does not do so, it is liable to be perceived as covering up any crime the investigated parties might later be found to have committed.

The Number of Magistrates Was Increased

With 62 votes in favor, the AN established that there will be 12 CSJ magistrates and that they will serve for a seven-year period. This issue was the subject of intense debates between congressmen who placed special emphasis on the qualities required to be a member of the CSJ. Several deputies asked for 10-year terms, but this motion was not supported by the PLC [Liberal Constitutionalist Party], the PAN [National Action Party], and some independent deputies.

Electoral Council

It was established that the CSE magistrates will serve five-year terms. The president of that branch of the state will be elected by a 60-percent majority of the AN.

Regarding the attributes of the CSE, one of the numerals under Article 171 Cn was modified to include that the electoral branch will have the power to organize under its purview the Central Registry of Civil Status [Registro Central del Estado Civil de las Personas], the process for issuing persoanl identification cards, and the electoral registry.

Regarding the Municipalities

In the reforms to several constitutional articles that have to do with the municipalities, the plenary session approved modifications to Article 177 Cn establishing that the municipal governments will have a say in the socioeconomic development of their districts, such as contracts for the national exploitation of natural resources located in their respective municipalities. These reforms were approved by 60 votes in favor. The motion, which was submitted by deputy Jose Leon Talavera—president of the legislative assembly's Environment Committee—says the state will request and take into account the opinion of the municipal governments before taking any action.

It was also established that ministers and vice ministers cannot be candidates for mayorships unless they resign 12 months before their election. As approved, Article 181 Cn says that the state will enact a law with constitutional force to organize the system of autonomy in the regions where the Atlantic coast communities reside. Among other norms, this law should include the following: the attributes of their governing bodies, their relationship with the executive and legislative branches and with the municipalities, and the exercise of their rights. Additionally, the Autonomous Regional Councils of the Atlantic Coast must approve any concessions granted and contracts entered into for the regional exploitation of natural resources.

Panama

Government Ministry Unveils Report on Assassination Plot

PA0902141095 Panama City LA PRENSA in Spanish 7 Feb 95 p 1A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Yesterday, the Government and Justice Ministry unveiled its report related to the alleged plot to murder President Ernesto Perez Balladares, which did little to shed light on the plot itself, and Minister Raul Montenegro insisted that it is for real and that the plot "is not a sham."

However, opposition sectors believe that the alleged plot is nothing more than a "smoke screen" to justify the government's "unpopular" program.

During a press conference at National Police Headquarters, Montenegro confirmed that seven of the 12 police officers under arrest had been released because of a lack of evidence linking them to the plot.

The other five—Marcos Mora, Euclides Guerra, Astenio Castillo, Francisco Grajales, and Major Juan Marriaga—still remain on active duty at Police Headquarters in the capital. It has been announced that so far no evidence has been found against any of these police agents.

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According to information already made public, the objective of operation "Action and Control" was to eliminate the president while he was traveling to Boquete, Chiriqui, and later take over the main police facilities in Panama City, Colon, and Chiriqui.

"No evidence has been found against the released police officers who are now preparing to go on holiday leave. Those agents are entitled to a well-deserved retirement will retire as scheduled, and the others will return to the National Police after their leave has concluded," Montenegro explained.

With respect to the status of the five officers who had been assigned to administrative duties at National Police Headquarters, the minister said, "we believe that in the end it is quite possible that no concrete evidence will be found against them."

Investigations related to the alleged plot are continuing, and it is now up to the Attorney General's Office to undertake additional investigations to determine the involvement of civilians in the plot, the minister added.

The government minister stated that much has been said about the plot being a "ruse," but he explained: "The government has and never will devise a hoax to mislead public opinion. It is ridiculous to believe that we would resort to something like that. The president is well liked by the people."

Minister Montenegro added that the investigation requires patience, "but at the end of the road we will find those sick minds who believe they can subvert constitutional order, but we do not plan to seek out scapegoats."

LA PRENSA asked the minister what other facts the investigation had determined, to which he answered, without giving details, that shortcomings had been uncovered within the president's security measures.

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Argentina

Senate Expresses 'Sorrow' Over Regional Conflict

PY0902151095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0031 GMT 9 Feb 95

[FBIS Translated Text] Buenos Aires, 8 Feb (NA)—The Senate today unanimously approved a draft resolution in which it expresses support for the peace negotiations that the Argentine Government is carrying out in the Peruvian-Ecuadoran conflict, and urges the authorities to continue to seek a peaceful solution to the border conflict.

The resolution also urges the congressmen of the two countries, as the direct representatives of their peoples, "to search for peace between the two nations."

The concern in the Senate about the conflict between Peru and Ecuador is expressed in the many draft resolutions that were submitted by Senators Hipolito Solari Yrigoyen (UCR) [Radical Civic Union], Pedro Molina (PJ) [Justicialist Party], Eduardo Menem (PJ), Eduardo Vaca (PJ), Olisela del Valle Rivas (PJ), Jose Genoud (UCR), and Jose Antonio Romero Feris (Autonomist) [Autonomous Liberal Pact].

These draft resolutions were consolidated into one initiative in which the Senate expresses "its profound sorrow and concern about the situation that has erupted on the Peruvian-Ecuadoran border," and expresses its sorrow over the "lamentable loss of life and blood letting between the inhabitants of two Latin American nations."

In its fourth and last article, the resolution authorizes the president of the Senate to name a Congressional peace delegation that will travel to the countries in conflict to meet with congressmen in a contribution toward peace in the region.

Government To Place Treasury Bonds on Financial Market

PY0902171195 Buenos Aires CLARIN in Spanish 8 Feb 95 p 17

[FBIS Translated Text] The expiration dates of the public debt and the fall in revenue have obliged the government to obtain money from the financial sector. As foreign markets hardened in terms of credit, [Economy Minister Domingo] Cavallo said that, as of 14 February, he will refloat the sale of Treasury bonds on the local market. His objective is to obtain $1.5 billion during the first 3 months of this year to buy several public papers and quotas owed to international organizations (IMF, World Bank, and Paris Club).

During the seven Tuesdays between 14 February to 28 March, the Economy Ministry will issue tenders for 90 or 180 day Treasury bonds for a total of 1.7 billion pesos, or dollars, in installments of 200 or 300 million per week.

In a communique released last night, the Economy Ministry states: "The objective of the sale of these bonds is to cover the expiry dates of the debt, to build a range of income for the government's operations in pesos and dollars, and to give the market a short-term liquid financial instrument."

The difficult financial scenario that precedes these tenders has raised several questions in the market over the results that can be obtained by the government. The doubts expounded by financiers can be summed up thus:

No one is sure the local market is in a position to loan such amounts of money to the government, considering the liquidity problems that the system is experiencing.

If the money appears, what interest rate will the market offer, and to what point is the government willing to accept interest rates higher than those offered in November (the most recent Treasury bond offer)?

In the sale of bonds on 22 November, the Economy Ministry harvested 400 million (half in dollars and half in pesos) at 7.58 and 9.5 percent respectively. These rates were higher than in previous tenders—6 percent for dollars and 7.3 percent for pesos.

As current interest rates have risen 3 percent per annum on last November, the market is speculating that the rates that will be offered on 14 February will be higher than those in November. The bankers consulted by CLARIN last night believe that it will be difficult for Cavallo to harvest the intended 1.7 billion with interest rates ranging from 10 to 12 percent.

Joaquin Cottani, finance under secretary, admitted that his estimates are in line with those of the bankers. "We expect offers to be based on the 30 day deposits, the call [preceding word in English], and the Central Bank's operations," in other words between 10 and 12 percent per year.

Cottani made it clear that the money obtained through the bonds will be used to take up of public papers (BOTE and DIC) [expansions unknown], the bonds that were released in November, and the debt with multilateral organizations. Cottani said the government will have to face the maturity of 5.24 billion: 1.52 billion during the first 3 months; 1.08 billion in the second 3 months; 1.13 billion in the third 3 months; and 1.51 billion in the final 3 months.

Brazil

Lampreia: Arms Sales to Peru, Ecuador Suspended 26 Jan

PY1002001295 Madrid EFE in Spanish 2143 GMT 9 Feb 95

[FBIS Translated Text] Brasilia, 9 Feb (EFE)—During a meeting held today, Brazilian Foreign Minister Luiz

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Felipe Lampreia informed Workers Party Senator Eduardo Suplicy that Brazil suspended its sales of weapons to Ecuador and Peru when the hostilities between the two countries began.

Sen. Suplicy told EFE that Lampreia confirmed that weapons sales to the Ecuadoran and Peruvian Governments remain suspended.

The measure was adopted after the beginning on 26 January of armed clashes at the border between the two countries in the Amazon Region.

Brazil is deemed the main Latin American producer of materiel, and has officially sold missiles, armored vehicles, and military equipment in general to Peru.

The socialist senator added that the Brazilian foreign minister also explained the incident with an airplane of the official Russian airline, Aeroflot, which was detained at the airport in Fortaleza on 8 February.

The plane landed in Fortaleza, the capital of Ceara State, to fill its tanks, and was seized by the Brazilian Federal Police when it was learned that the plane carried military equipment bound for Peru.

Suplicy said that according to Lampreia, the Russian Embassy in Brasilia sent the Foreign Ministry a communique reporting that the plane was carrying helicopter parts.

Thanks to the Foreign Ministry's intervention, the plane was allowed to continue its trip without having its cargo opened.

Vera Machado, Brazilian Foreign Ministry press secretary, reported that the position adopted by her country regarding Ecuador and Peru complies with the Brazilian national policy regarding armed conflicts in the world. This policy consists of not selling weapons to countries in conflict.

Machado said: "The Brazilian Government adopted the political decision to suspend sales of weapons and ammunition" to the two countries as soon as the hostilities began.

She said that sales of Brazilian-made materiel to Ecuador and Peru fluctuated between $180,000 and $200,000 through 1993 [period not further specified].

Poll Rejects Cardoso's Veto of Minimum Wage Hike

PY1002022395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Feb 95 p 3

[FBIS Translated Excerpt] In the opinion of 75 percent of Brazilian voters, President Fernando Henrique Cardoso made a mistake in vetoing the congressional decision to increase the minimum wage to 100 reals [R]. According to Vox Populi, Cardoso's veto was supported by only 20 percent of those consulted, while the other 5 percent confessed they were still uncertain about the issue or would rather not answer the question. The R100 minimum wage had been approved by the Chamber of Deputies against the will of the president of the Republic, who scolded his allies in Congress because of it. [passage omitted]

The Vox Populi poll also revealed that almost half of Brazilian voters (49 percent) rejected President Fernando Henrique Cardoso's decision to sanction the amnesty granted to Senator Humberto Lucena (Brazilian Democratic Movement Party, Paraiba State). Cardoso's sanctioning of the amnesty was supported by 24 percent of those consulted, while 27 percent of the 3,100 people interviewed did not know what to answer or did not want to do so. [passage omitted]

Chile

'Moderate Optimism' Expressed Over Peru-Ecuador Peace Talks

PY0902215395 Madrid EFE in Spanish 2025 GMT 9 Feb 95

[FBIS Translated Text] Santiago, 9 Feb (EFE)—The Chilean Government expressed today a "moderate optimism" over the negotiations Peru and Ecuador are holding in Brasilia with the representatives of the guarantor countries of the border treaty.

This comment was made by Minister Secretary General of Government Jose Joaquin Brunner, who added that the Chilean Armed Forces are not in "any special state" as a result of the Ecuadoran-Peruvian border conflict.

Brunner said that on the contrary, the situation in Chile is of "total tranquility, and our relations are smooth with the rest of Latin America as well as with the countries involved in the conflict."

He added that the Chilean Government is "convinced" there will be no declaration of war between Peru and Ecuador, because all parties are searching for a formula that would allow the pacification of the border between the two Andean nations.

Brunner, who is the official spokesman of the Chilean Government, talked with reporters accredited to the La Moneda presidential palace after a meeting of the Political Committee of Ministers.

The meeting served to evaluate government issues, and also allowed acting Foreign Minister Mariano Fernandez to report on the peace negotiations being held in Brasilia between the four guarantor countries and the two nations in conflict.

In this regard, Brunner explained that yesterday's telephone conversation between Chilean President Eduardo Frei and his Ecuadoran and Peruvian counterparts, Sixto Duran-Ballen and Alberto Fujimori respectively, does not mean that Chile is taking a peace initiative on its own.

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He added that this is not the responsibility of the guarantor countries, which instead do give their support to achieving a better environment in the negotiations between the parties in conflict.

Brunner also revealed that President Frei held contacts with some presidents of the other guarantor countries (in addition to Chile, they are Argentina, Brazil, and the United States).

Brunner explained that Frei "was constantly and actively involved in this issue, because Chile wants to participate actively in the search for a solution to put an end to the hostilities as soon as possible."

Armed Forces: No Special State Over Peruvian Crisis

PY0902183095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 9 Feb 95

[FBIS Translated Text] The government has asserted that the Chilean Armed Forces are not in any special state, in view of the fact that a neighboring country such as Peru is involved in an armed conflict.

[Begin recording] [Minister Secretary General of Government Jose Joaquin Brunner] No. No. No. They are in no special state. Chile continues, through its various channels, to closely follow the conflict but, clearly, no measures of any kind have been taken. Quite the contrary, a state of maximum calmness prevails in our country.

[Reporter] What if war is declared?

[Brunner] Well, we are convinced that this will not be the case. No. There is no reason why Chile should adopt any different strategy. There is a climate of full calmness. [end recording]

Minister Brunner made this comment after the usual meeting of the ministers' political committee.

Pinochet on Peru-Ecuador Conflict, Alleged Incitement

PY0902201995 Madrid EFE in Spanish 1459 GMT 9 Feb 95

[FBIS Translated Text] Santiago, Chile, 9 Feb (EFE)—The daily LAS ULTIMAS NOTICIAS reported today that General Augusto Pinochet, commander in chief of the Chilean Army, has voiced concern over the armed conflict between Ecuador and Peru, which has been going on now for a fortnight.

LAS ULTIMAS NOTICIAS managed to wrest some comments from Gen. Pinochet, who is spending his holidays in Osorno, 900 km south of Santiago.

Gen. Pinochet said that he is "optimistic" about the possibility of finding a "peaceful and equitable solution" to the armed conflict, which is taking place in the Condor Mountain Range with ongoing clashes between armed patrols.

Press reports from Argentina and Germany have accused Gen. Pinochet of "having incited" the Ecuadoran military to initiate hostilities on the banks of the Cenepa River, which both Peru and Ecuador consider their own territory.

Asked to comment on this, Gen. Pinochet replied: "When I am on holiday I do not make any remarks or comments."

Chilean Foreign Ministry Under Secretary Mariano Fernandez termed the press reports "absurd," while Foreign Ministry Spokesman Jose Joaquin Brunner labeled them as "ridiculous and laughable rumors."

"Famae" [Army Ordnance], a military industry that comes under the jurisdiction of the Chilean Army, upgraded tanks and artillery for Ecuadoran troops last year, and seemingly sold ammunition for rifles and machine guns to the Ecuadoran Armed Forces, whose ties with their Chilean counterparts go back to time immemorial.

According to the reports published in Argentina, Gen. Pinochet convinced the Ecuadoran military—some of whom were his students at Chilean military schools 30 years ago—that Latin American countries should "sever their dependency" on the United States for war materiel.

They would thus be free" [no opening quotation marks as received] to make their own decisions.

In any case, the Chilean Army has voiced its disagreement with the U.S. Defense Department's theory that drug enforcement ought to be the focus of action for Latin American Armed Forces.

Colombia

Samper Welcomes U.S. Certification 'Without Conditions'

PA0902190895 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 9 Feb 95

[From the "National Newscast"]

[FBIS Translated Text] Before traveling to Pereira, President Samper said we cannot wage the battle against drug trafficking alone. The president insisted that the commitment to eradicate illicit crops without the aid of foreign countries cannot be met. He made the aforementioned statements during the conference of police commanders, which is being held in Santa Fe de Bogota.

Today, the president of the republic stated that, without international aid, his goal to eradicate illicit crops in the country by the end of his administration will be difficult

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to achieve. He stressed that the certificate guaranteeing U.S. aid in the struggle against drugs is welcomed, but without conditions.

[Begin recording] [Samper] We do not accept any conditions on our policy. We believe we are taking the appropriate actions.

[Unidentified reporter] Mr. President, do you think you can fulfill your commitment to eradicate drug crops without U.S. aid?

[Samper] Well, I have said that this effort requires the cooperation of the entire world, not only the United States. We cannot wage this huge and complex battle alone. [end recording]

Meanwhile, the commanders of the Special Joint Command operating in Cali explained that the U.S. certification is well deserved, adding they are working to persecute drug traffickers in the country, particularly those from Valle del Cauca Department.

[Begin recording] [Unidentified reporter] What will be done to apprehend the Cali Cartel leaders?

[National Police director General Rosso Jose Serrano] We are improving our intelligence services and are doing a great job in this regard. I think that what we are doing will soon yield results.

[Reporter] Are you close to apprehending Cali Cartel leaders?

[Armed Forces Commander General Camilo Zuniga] Well, it is impossible to state that we are close to or far from apprehending them. The fact of the matter is we are working intensely amnd professionally to accomplish that objective. [end recording]

Today, President Samper in a brief visit to the National Police, urged department police commanders to fight against corruption, urban insecurity, and drug trafficking.

Government Announces 3-Tier Anticorruption Plan

PA0902230295 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 7 Feb 95

[FBIS Translated Text] [Announcer] Today the government announced its anticorruption plan [plan transparencia]. With this plan, the government seeks to end the country's corruption problem which is reaching increasingly serious proportions.

[Unidentified reporter] The number of corruption charges filed at the Attorney General's Office increases approximately 44 percent every year. According to polls, 81 percent of the population believes that public officials must be bribed to expedite any transaction.

Among Latin American countries, Colombia ranks second in terms of investments made in the judicial system, and it has the largest number of judges per capita. It is also the country with the highest level of impunity. Citizens have no interest in cooperating; only 20 out of every 100 crimes are reported. In light of this situation, the government today presented its offensive against corruption.

The anticorruption plan seeks to restore the public's trust in their leaders, the judicial system, and the government. This plan will complement the anticorruption statute and will have three tiers. First, politicians will be held responsible for keeping their promises.

[Begin President Ernesto Samper recording] We will demand that politicians keep the promises they make. [end recording]

[Reporter] Second, an educational campaign will be promoted for the citizenry to learn about the operation of the state and the appropriate ways to file their complaints.

[Begin Samper recording] This will be done basically through telephones and mailboxes that will be operated by a private firm, totally independent from the government. [end recording]

[Reporter] As for the third tier, the fight against corruption, the government signed agreements with the Police, the Administrative Department of Security, the National Customs and Tax Directorate, and the Social Security Institute.

Ecuador

Duran-Ballen Cancels Trip to U.S.; 'Waiting' To Travel

PA0902200295 Quito Voz de los Andes in Spanish 1700 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Quito—President Sixto Duran-Ballen is following closely the situation in Brasilia where peace talks are taking place, while waiting to travel to the United States to meet with U.S. President Bill Clinton.

At the last minute on Thursday, Duran-Ballen canceled a trip to Washington, but he could travel at any moment during the next few hours, according to official sources. The objective of his trip to the United States is to explain to Clinton Ecuador's position in the armed conflict with Peru which began two weeks ago.

Duran-Ballen already met this week with the presidents of Argentina, Brazil, and Chile, which together with the United States are the guarantor countries for the border agreement signed in 1942 by Ecuador and Peru, known as the Rio de Janeiro Protocol.

The intensive diplomacy carried out by President Duran-Ballen contrasts with the activity of Peruvian President Alberto Fujimori, who has only left Lima to

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visit his troops at the border with Ecuador. In contrast, the Peruvian president is avoiding such intensive efforts.

While waiting for the green light to travel to Washington, Duran-Ballen has kept the Security Council in a virtual permanent session amid total secrecy, closely following developments in the conflict zone and the peace talks that the guarantor countries have resumed in Brasilia.

President, Wife, Defense Minister Travel to Border Area

PA0902184595 Quito Voz de los Andes in Spanish 1700 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen has traveled to border towns to convey to the inhabitants of the area the expressions of solidarity and national unity he has received in recent days. By the way, we send warm greetings to the president and his wife who will be visiting the area.

Duran-Ballen also is accompanied by Defense Minister General Jose Gallardo and other top-ranking Armed Forces officers.

A Carondelet Presidential Palace spokesman confirmed that the president will return to Quito within the next few hours.

Among other places, Duran-Ballen will visit Macas and the Patuca Detachment located in the conflict zone. This is his first trip to the border since the conflict began on 26 January, while his Peruvian counterpart Alberto Fujimori has visited the border twice within the 15 days in which the two nations have been having armed confrontations.

Students, Youths Show Support

PA1002025195 Quito Voz de los Andes in Spanish 2302 GMT 9 Feb 95

[Report by Edwin Chamorro]

[FBIS Translated Text] We are here at the Government Palace to summarize today's events, especially those concerning the Ecuadoran-Peruvian border conflict and the activities of President Sixto Duran-Ballen.

A bulletin issued by the State National Communication Secretariat reported that President Duran-Ballen arrived in Macas this morning to visit several towns along the border. Citizens gathered along the main streets to warmly welcome the president and express their unconditional support for his activities in light of the Peruvian aggression. He went to the Condor Brigade in the town of Patuca and later visited other military detachments, where he greeted our soldiers and conveyed the regards, support, and solidarity of the Ecuadoran people.

According to reports, President Duran-Ballen, in his visit to [words indistinct] the property damage caused by our southern neighbor and the aggression to which Ecuador has been subjected will be reported to international forums. He returned to Quito from southeastern Ecuador at around 1600.

Demonstrations in support of the president were staged yesterday. The Ecuadoran National Symphonic Orchestra greeted the president early in the morning and played supportive and encouraging music for the president and the Armed Forces in Independence Plaza. Gatherings of many citizens in support of the country are now common.

In the afternoon, the National Police force had reportedly organized an event with student brigades, which are now helping in this emergency by controlling traffic. Let us [words indistinct] to recall how this ceremony in which the National Police presented a cap and t-shirt to the constitutional president. It was a brigade cap. Duran-Ballen then spoke to the nation, stressing that the country will not take a single step backward. Let us listen to the National Police spokesman who addressed the president and the people:

[Begin unidentified National Police spokesman recording] Mr. President of the Republic of Ecuador: The National Police force has [words indistinct] 1,800 students from 27 high schools as traffic brigade members. They want to be here with you to express their support and [word indistinct]. They are prepared and trained, along with the police and [words indistinct], national security, to control traffic and to work from sunrise to sunrise. When we are with children, youths, and older people, we raise and keep the patriotism and unity of our country, because this is the only way to improve every day and for us to be here with you, Mr. President. On behalf of all those represented here, I would like to present you with this t-shirt and cap so you will have them as a token of this very special day in this historic time for our country. [crowd shouts] [end recording]

After receiving the t-shirt and hat from the brigade members and the support of the Quito youths and students who are helping the police control traffic in this national emergency, President Duran-Ballen said:

[Begin Duran-Ballen recording] I returned from the front just a few minutes ago. I just returned from seeing our soldiers in Patuca, precisely when new soldiers were being brought in. I was able to see young faces like yours, full of enthusiasm and high morale. I was very moved. Young people about your age told me: Mr. President, not one step back! [cheers]

Young people, in order for those soldiers to maintain that high morale, knowing that their fellow citizens are alongside them in spirit, as you have shown this afternoon, we must maintain this national unity. We must be prepared to make the sacrifices that maintaining that unity entails, the sacrifices that we may have to make,

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but we are defending our territory inch by inch. Those young people were right: Not one step back! Thank you. [cheers] [end recording]

That was the brief speech by President Sixto Duran-Ballen to dozens of student brigade members in Independence Square who expressed their support for the national government and the Armed Forces in these moments of aggression against our country. The brigade members will be helping the national police in urban traffic control.

Military Claims Peruvians Using Chemical Weapons

PY0902213995 Buenos Aires CLARIN in Spanish 9 Feb 95 pp 24, 25

[Article by "special correspondent" Ruben Guillemi; copyrighted by CLARIN]

[FBIS Translated Excerpt] Patuca, Ecuador, 8 Feb—Troops that today visited the outposts in Cueva de los Tayos and Tihuinza emphasized that the Peruvian Armed Forces allegedly used chemical weapons during their air strike yesterday.

This extremely serious development was conveyed to CLARIN by an Ecuadoran Army captain who asked not to be identified. The captain said he arrived at this conclusion through the characteristics of the terrain after the air strikes.

The captain told our correspondent at the Patuca military base that "after the air strikes the smell and the traces were unusual." He added that these clues indicate "some type of chemical weapon," whose characteristics could not be immediately established. [passage omitted]

Congress President: Rio Guarantors To Reword Proposal

PA0902142795 Quito Voz de los Andes in Spanish 1200 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Congress President Heinz Moeller has announced that the guarantor nations of the Rio Protocol will reword their peace proposal to end the conflict between Peru and Ecuador. He added that they will rewrite the cease-fire proposal based on the terms demanded by Ecuador in a way acceptable to the two countries. Moeller held a meeting yesterday with U.S. Secretary of State Warren Christopher. He said the guarantor countries—Argentina, Brazil, Chile, and the United States—are giving the Amazon dispute full priority attention.

Calls Meeting With Christopher 'Positive'

PA0902171095 Quito Voz de los Andes in Spanish 1430 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Congress President Heinz Moeller has explained our country's position regarding the border conflict to U.S. Secretary of State Warren Christopher and Alexander Watson, the assistant secretary of state for inter-American affairs. Moeller said the United States will support the redrafting of a cease-fire proposal presented by the guarantor countries in the last few days.

The Ecuadoran Congress president described the meetings held with Christopher and Watson, as well as with members of the U.S. House of Representatives and the Senate, as positive.

Deputy Foreign Ministers To Resume Talks in Brazil

PA0902165395 Quito Voz de los Andes in Spanish 1430 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The deputy foreign ministers of Ecuador and Peru as well as the mediators in their armed border conflict have decided to raise the level of their peace talks, which have been going on for the past nine days without any agreement being reached.

Peruvian Deputy Foreign Minister Eduardo Ponce Vivanco said they have been talking about what may happen hereafter. He said high-ranking Chilean and Argentine Foreign Ministry officials will once again travel to Brazil for talks.

Joint Chiefs Bulletin Says Army Controls Conflict Area

PA1002013795 Quito Voz de los Andes in Spanish 0044 GMT 10 Feb 95

[Report by Edwin Chamorro]

[FBIS Translated Text] The Joint Chiefs of Staff issued Bulletin No. 21 at 1800 on 9 February, which was distributed at the Government Palace. This is the only bulletin the Ecuadoran Armed Forces issued on 9 February. The bulletin reads as follows:

Throughout 9 February, Peruvian Air Force planes bombed an area between the Coangos and Base Sur military detachments. Army planes and the Ecuadoran Air Force supported the actions of our patrols to force the retreat of Peruvian personnel who had infiltrated the conflict area. The Ecuadoran Army is controlling the entire area, and patrols from the two armies clashed throughout the day. Casualties reported as of today are as follows: 11 people dead, 28 wounded in confrontations.

The previous bulletin stated two people were missing. This latest bulletin does not list missing persons.

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Military Activity Described at Peruvian Border

PA0902203995 Quito Voz de los Andes in Spanish 1700 GMT 9 Feb 95

[Unattributed "dispatch from somewhere along the Ecuador-Peru border"—from "The Voz Andes Newscast"]

[FBIS Translated Text] The roaring of Peruvian warplanes dropping powerful bombs on Ecuadoran positions can be heard from the Condor Mirador Base located in the disputed Amazon jungle area. The base is an Ecuadoran military detachment set up in the Condor mountain range in the Amazon region, one of the areas disputed by Ecuador and Peru in the armed conflict that began two weeks ago.

Papamay, Papamay, noise coming from the southeast!—an Ecuadoran subofficer shouted from his position, warning by radiotelephone of an imminent attack against his base. They are attacking, we cannot see, it is cloudy, they are red, or blue, the subofficer added.

The sound of the plane could be heard near the site where REUTER and Telenoticias journalists were observing with binoculars the Peruvian bases of Soldado Pastor, Santiago, and Vargas. Mi-8 Soviet-made Peruvian helicopters transporting supplies for the troops could also be seen in the middle of the jungle.

Ecuadoran artillery started firing indiscriminately toward the sky from Condor Mirador, but with no clear shot, because the area was completely clouded.

Foreign Ministry: Past Foreign Missions Confirm Territorial Claims

PA0902142995 Quito Voz de los Andes in Spanish 1200 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuador revealed that foreign scientific missions verified Ecuador's military presence along the Peruvian border since 1972 at locations that Peru now claims as its own. A Foreign Ministry communique said that U.S., British, and Italian scientists carried out five research and exploration expeditions between 1972 and 1993 to study biological diversity along the Condor Mountain Range and other nearby areas. Such areas are now under dispute in the current armed conflict between the two countries. The communique explains that between 1972 and 1976, joint Ecuadoran and British expeditions carried out studies at Cueva de los Tayos and Coangos, at the source of the Cenepa River, with the support of military troops stationed at border garrisons.

Further on New Taxes To Pay for National Defense

PA0902155095 Quito Voz de los Andes in Spanish 1430 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Last night [as heard], the National Congress approved the bill creating revenues for national defense. It is believed that 232 billion sucres in revenues can be obtained. The bill includes a one-time 2 percent tax on all vehicles. It will be calculated based on an appraisal of the vehicle's last registration. The tax will not be less than 50,000 sucres.

Public Administration Official Discusses Raising Funds for Defense

PA0902195095 Quito Voz de los Andes in Spanish 1700 GMT 9 Feb 95

[News conference by Dr. Carlos Larreategui, Ecuadoran secretary general of public administration, with unidentified reporters at the Carondelet Palace in Quito; from "The Voz Andes Newscast;" broadcast in progress—live]

[FBIS Translated Text] [Larreategui]...the Value Added Tax [VAT]. This bill will be submitted on Monday [words indistinct] of the different legislative blocs. The law will in no way adversely affect the cost of family basket products, medicine, hospital and health services, exports, public transportation, and rent, among other things.

A greater emphasis will be placed in the companies' issuing of bills, so as to have a more efficient and precise control of the VAT.

This government is going to raise sufficient fiscal funds to allow us to maintain without any gaps or problems our economic program, which has been characterized as vigorous, healthy, and firm.

This will also allow us to assume the costs of the country's defense, which we have had to incur because of the foreign aggression we are now experiencing.

The bill has been drafted along those lines. More specific details will be made available following the meeting with the political party leaders on 13 February, but in general, the bill has been drafted along those lines.

[Reporter] [Words indistinct]

[Larreategui] For the time being, we only have these two bills, the first one of which was already submitted and partially approved—certain reforms on the tax on vehicle circulation were passed. We are waiting for the bill, which will be submitted today so the government can state its position on this. There are no other measures, no other official statements in this regard. We believe that with these two laws we can collect the sufficient funds to cope with defense costs in view of the aggression.

[Reporter] [Words indistinct]

[Larreategui] We are in contact. The purpose of Monday's meeting is to discuss all of this. We are going to try to coordinate our efforts so we can discuss and approve

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this bill without obstacles. I believe the country is sufficiently aware of the situation to see that this is a necessary bill given the circumstances. We hope we do not encounter any major obstacles. We are going to make some changes through mutual agreement with the legislative sector, but we believe we will have this bill approved as soon as possible.

[Reporter] How much do you expect to collect?

[Larreategui] That will depend on how the bill is finally drafted. We will have that information once we hold talks with the legislative sector and as soon as we have finally drafted the bill. I would, therefore, not like to give you a figure, but on Monday we are going to be able to give you more specific information on how much the bill will allow us to collect.

[Reporter] [Words indistinct]

[Larreategui] I would rather not talk about figures because that will depend on the final drafting of the bill.

[Reporter] [Words indistinct]

[Larreategui] There is no word regarding the trip. There were rumors yesterday on the possibility of the president going to Washington. There is no decision in this regard. For the time being, the president has not decided to travel to the United States. It is not considered necessary. As you know, we are waging an intense but clear and head-on battle in the military, diplomatic, and information fields. We hope to continue maintaining our positions. Our diplomatic actions will continue to be guided by the president from the government palace.

[Reporter] [Words indistinct]

[Larreategui] There are several ministers who by the nature of their duties have had to travel to different border posts to take care of some of the needs at the battlefronts, but we cannot say that massive numbers of ministers have been deployed there. We can only say that some ministers have gone there. For example, the health minister and the public works minister have gone there to take care of the needs of our country in this important front.

[Reporter] [Words indistinct]

[Larreategui] We cannot give you a figure here either because there are daily needs that require us to make expenditures. What is clear and is true is that the cost of our national defense will not adversely affect our economic program. I believe this can be seen through the various indicators. Naturally there is a cost, but the cost cannot be compared to what we are defending, the country's dignity and sovereignty. These costs will not adversely affect the country's economic program.

[Reporter] [Words indistinct]

[Larreategui] There may be some redrafting, funds may be reallocated. That is evident, but the amount is not important. Naturally most of the funds that will be allocated for the country's defense will come from these two bills that we have submitted to the National Congress.

[Reporter] [Words indistinct]

[Larreategui] No, it is not necessary. I believe it has been made evident in the last few days. That remains intact and will continue so that we can protect the country's importing capability.

[Reporter] [Words indistinct]

[Larreategui] I do not know the exact situation but what is clear is that there is an enormous morale difference between the Ecuadoran and Peruvian troops. I think it has been made clear that in the Ecuadoran Army, there is motivation, strength, and patriotism. There is a certain lax attitude and a certain discouragement in the Peruvian Army because naturally their cause is not just. That is what the differences between the morales of the two armies are. That is what has allowed us to remain firm.

[Reporter] [Words indistinct]

[Larreategui] That is not for us to say. I do not have that information. Any information will have to be given by the military front.

[Reporter] [Words indistinct]

[Larreategui] I believe there is hope that the diplomatic negotiations will make progress because we are naturally defending our arguments with truth and justice. We hope the guarantor countries will be convinced that the Ecuadoran position is the just, appropriate position. We are defending the right thing and we hope to obtain a worthy agreement for both sides that will allow us to definitely resolve this problem. There are many diplomatic options so we cannot rule out a diplomatic solution. We are going to resolve this at the negotiations table with the peace attitude by which Ecuador has always been characterized. We are going to resolve this problem in any one of the diplomatic forums that are available to our countries for the solution of these conflicts.

[Reporter] [Words indistinct]

[Larreategui] The referendum has been suspended. Naturally, it is a decision the government has already made. For the time being, we have not gone into further details. We have been unable to hold meetings with the Supreme Electoral Tribunal to discuss organizational aspects. Economic and political reforms will continue firmly. The referendum will be held. The date remains unchanged, but I believe the country's and the authorities' main concern is the current territorial conflict. Until we resolve this conflict, we are not going to discuss the details of aspects that are important but that will have to wait because of our current priority.

[Reporter] [Words indistinct]

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[Larreategui] We have proposals. We have already made an initial draft but it will have to be discussed at the proper time with the institutions involved, but that is a decision that will be made.

[Reporter] [Words indistinct]

[Larreategui] An announcement will have to be made with a 60-day advance notice, according to the law. In a strictly legal sense, the announcement could be made within the first 20 days of March, therefore, there are no obstacles, no obstructions for the time being.

[Reporter] [Words indistinct]

[Larreategui] That does not mean we do not have any contacts with the United States. On the contrary, active diplomatic measures are being taken. All you have to do is look at the delegation the president sent to Washington. The members of this commission were personally invited by the president of the republic and the president personally asked them to explain his positions, therefore diplomatic activity with that country is very intense. Of course, diplomatic activity is not only going to be conducted with this trip. We are also using other channels and we remain in permanent contact.

[Reporter] [Words indistinct]

[Larreategui] I believe that topic has already been sufficiently explained. We have stated that the best ally of the country is the truth and that the best guarantor of the truth is free journalism even though certain Peruvian journalists did not always stick to the truth. We have defended the principle of freedom of the press. In this regard, you must understand that the government is defending the principle of freedom of the press and truth as the best allies and guarantors of Ecuador's position. As I have already said, we are going to defend that regardless of who it may be, even if they are Peruvian journalists and even though there are Peruvian journalists who have distorted the truth. We are going to defend the principle of freedom of the press, because our society defends it and because the Ecuadoran Government defends it. Thank you very much.

Petroecuador Confirms Suspension of Oil Sales To Peru

PA0902192195 Mexico City NOTIMEX in Spanish 1657 GMT 9 Feb 95

[FBIS Translated Text] Quito, 9 Feb (NOTIMEX)—The state-owned company Petroecuador [Ecuadoran State Petroleum Enterprise] today confirmed the suspension of crude oil sales to Peru, following the outbreak of a border conflict with its neighbor to the south. Manuel Vivanco, international operations manager for the enterprise, said Petroecuador is not making any direct sales to Peru and that private national and international companies that are doing so "have decided to look for other customers."

In 1994, Ecuador sold a total of 7 million barrels of crude oil worth $100 million to Peru, destined for the ports of Talara and Pampilla.

Border Oil Workers Increase Efforts, Bolster Security

PA0902193395 Quito Voz de los Andes in Spanish 1700 GMT 9 Feb 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] An oil workers union leader said today in Quito that oil workers are organizing self-defense brigades at drilling facilities along the Peruvian border. Henry Yanes, the secretary general of the Federation of Oil Industry Workers, added that we are working one hour of free overtime to contribute to the defense of the nation's territory. The Ecuadoran Police have deployed 202 members of the Reaction and Rescue Team to these strategic areas to exercise strict control of oil installations. The Ecuadoran Government has designed and implemented a defense and protection plan for its oil installations after the fighting worsened between Ecuadoran and Peruvian troops.

Students, Workers To March 10 Feb to U.S. Embassy, Presidency

PA0902202595 Quito Voz de los Andes in Spanish 1700 GMT 9 Feb 95

[Report by Marco Antonio Bravo from "The Voz Andes newscast"]

[FBIS Translated Excerpt] Professor Gustavo Teran, former president of the National Union of Students, has announced that professors and students of the University and High School Student Federation will converge at the Ruminahui coliseum on Friday, tomorrow, to take part in an artistic event for peace and in support of the Ecuadoran Armed Forces.

[Begin Teran recording] Ecuadoran sports organizations, education and workers' unions, and people's organizations are united today, more than ever before, in defense of national sovereignty and peace and against Peruvian aggression. [passage omitted]

We will hold a nationwide artistic festival in every provincial capital of the country. In Quito, we will converge on the Ruminahui coliseum. There, students, teachers, athletes, workers' unions, people's and worker's organizations, parents, and homemakers will come together to honor our fighters, our army, those who are shedding their blood to defend national sovereignty. [passage omitted]

After that, on Friday, we will march to the U.S. Embassy and the Presidential Palace to present our point of view and our contribution. [end recording] [passage omitted]

We join the invitation and ask you to go to the Ruminahui coliseum at 0900 to take part in this act in support

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of the Armed Forces and the Ecuadoran soldiers, and obviously in support of President Sixto Duran-Ballen and the nation.

Brazilian Correspondent Provides Overview of Peru-Ecuador Conflict

PY0902194095 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Feb 95 Section 2 p 11

[Report by FOLHA correspondent Fernando Canzian from Patuca, Ecuador]

[FBIS Translated Excerpt] Clashes between Peruvian and Ecuadoran forces continued yesterday at the border, and there are reports that civilians are being bombed.

Ecuadoran radio stations reported that Fatima, a township of Chuara Indians located on the Ecuadoran southern border, was bombarded early yesterday morning.

A telephone operator in Gualaquiza, 20 km away from Fatima, confirmed to FOLHA that the bombardment had taken place. The 200 residents of the township had been evacuated from the region earlier. As of the closing of this edition, FOLHA was still trying to obtain confirmation of the attack from local authorities.

The attack was reportedly launched in retaliation for the alleged Ecuadoran bombardment of two Peruvian townships on 6 February.

The Lima newspaper GESTION has published reports from Peruvian indigenous communities in the Cordillera del Condor that Ecuadoran planes had raided Indian villages located on the eastern bank of the Santiago River. [passage omitted on previously covered material]

The Peruvian offensive on Tihuinza is reportedly mobilizing nearly 1,500 soldiers with the support of Mi-25 helicopters and Russian-made Sukhoi planes.

Planes have reportedly dropped over 4 metric tons of bombs. Peruvian officers said yesterday that 200 Ecuadoran missiles had been launched against their troops.

In Patuca, the headquarters of the Ecuadoran Jungle Military Operations Command, there were no signs of either a withdrawal or the arrival of reinforcements. There was an intense movement of planes and helicopters, but no officer made any remarks to the press. [passage omitted]

Peru

Foreign Ministry Rejects Alleged Ecuadoran Truce Request

PY1002115395 Lima America Television Network in Spanish 1110 GMT 10 Feb 95

[FBIS Translated Text] Regarding the truce requested by Ecuador, we have received the following press bulletin issued by the Foreign Ministry through its press directorate:

Regarding press reports on a truce proposal by Ecuador for allegedly humanitarian purposes, the Foreign Ministry hereby informs:

The Peruvian Government regrets that the Ecuadoran Government seeks to use a truce as a tool for its war strategy and rejects this maneuver that seeks, in the form of an alleged humanitarian concern, to extend the presence of its troops in Peruvian territory.

The Peruvian Government, in compliance with the 1949 Geneva Convention and additional Protocols, has been granting the delegation of the International Red Cross organization all the facilities it has at hand so that it may be able to fullfill its duties.

The Peruvian Government demands that the Ecuadoran Government grant the necessary guarantees to Peruvian citizens arbitrarily detained in that country which represents a violation of current international laws.

The humanitarian concern the Ecuadoran Government claims, based on false information regarding attacks on towns in the conflict area, openly contradicts its persistent refusal to withdraw the invader troops from Peruvian territory which is the means to end this confrontation.

[Signed] Foreign Affairs Ministry

[Dated] Lima, 9 February 1995

Ministry: Ecuadoran Claims Based on Nonexistent Treaty

PY1002011695 Lima EL COMERCIO in Spanish 3 Feb 95 p A5

[FBIS Translated Text] The Foreign Ministry last night issued a news bulletin citing several sources that once again contradict the Ecuadoran position with regard to the extension of its territory and the Amazon region.

Rejecting the theory detailed in some foreign-based news bulletins, the Foreign Ministry clearly establishes that the supposed Pedemonte-Mosquera treaty, allegedly signed by Great Colombia and Peru in 1830, has never existed and was never signed. So much so that to this day Ecuador has never been able to display it.

This alleged treaty is the same one that Ecuador brandishes as its sole justification for distorting the borderlines and extending them to the shores of the Amazon River.

In addition, the Foreign Ministry states that since the 1940's, even former Ecuadoran Foreign Minister Julio Tobar Donoso has been trying to explain to the Ecuadoran people that neither during Spanish colonial days (the Quito Audience), nor since the Republic was established, has Ecuador ever had possession or property title over the 200,000 square km that it allegedly lost through the Rio de Janeiro Protocol.

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Tobar Donoso has argued that the status quo agreement that Ecuador signed with Peru in 1936 establishes that there are no Ecuadoran points along the banks of the Maranon or Amazon Rivers.

The definitive borders established in the 1942 Rio de Janeiro Protocol substantially encompass the same territorial possessions established in the 1936 status quo agreement, signed five years before the 1941 conflict.

Troops, Rocket Launchers Deployed From Arequipa

PY0902162395 Lima Radio Programas del Peru Network in Spanish 1608 GMT 9 Feb 95

[FBIS Translated Text] The deployment to the northern border of 400 soldiers and 10 rocket launcher vehicles from the Third Military Region, headquartered in Arequipa, will start today. Several hundred soldiers stationed in Lima have already left for the northern border where they will join the troops trying to evict the invader.

Army Expects To Control 'Entire Region' by Next Week

PY0902204395 Lima Radio Programas del Peru Network in Spanish 1945 GMT 9 Feb 95

[Live telephone relay by Ismael Byron Horna from the El Milagro military base in Bagua]

[FBIS Translated Text] [Horna] We are here at the El Milagro military base. It is 37 degrees in Amazonas Department.

According to Cavalry Second Lieutenant Roberto Munoz Arellano, who sustained three injuries in action in the battle to recover Base Sur, the Ecuadoran Army is getting air support to try to halt the courageous Peruvian Army in the battle currently being waged to recover Tihuinza and Base Sur.

Munoz Arellano added that the Ecuadoran troops are being repelled in the thick jungle. He said they are retreating, but leaving mined fields.

Moreover, he said that Peruvian Army patrols that had been declared missing were found alive, that is, 70 Peruvian soldiers were located after an exhaustive search operation conducted in the thick jungle area.

According to the second lieutenant, the real situation in the war right now is that Peruvian troops have reached Coangos, an Ecuadoran region. He said that the Ecuadoran Army is abandoning its dead and injured soldiers.

[Begin recording, in progress] [Munoz] According to information I have available, none were affected among our troops, but I believe some civilians in Tumbes have encountered some.

[Horna] Is it true that some patrols that were believed to be missing have been located?

[Munoz] Affirmative. Some patrols have been located. This is a very thick jungle area, and patrols can easily get lost...

[Horna, interrupting] ...because of the thick jungle.

[Munoz] ...they have to take alternate routes because almost this entire area is mined. The Ecuadorans retreat, but they leave mines behind.

[Horna] What is the current Ecuadoran position? Have they advanced as a result of this counteroffensive?

[Munoz] They have not advanced. They have retreated.

[Horna] [question indistinct]

[Munoz] They have retreated to their area. We have even taken over Coangos. We have reached Coangos, which is Ecuadoran territory [as heard]. We have reached Coangos. We had dislodged Base Sur, Cueva de los Tayos, and Tihuinza is about to... [pauses] It was the responsibility of the...

[Horna, interrupting] How long do you believe it will take to recover Tihuinza?

[Munoz] I have not been in that region, but in view of the firepower currently arriving, I believe that in about one week the entire region will be consolidated.

[Horna] Is it true that the Ecuadoran troops in the area have tried to negotiate a truce with you on the battlefront?

[Munoz] Negative.

[Horna] They have not tried to establish communications with you?

[Munoz] No.

[Horna] Therefore, the reports are false?

[Munoz] Yes, those reports are false. They have never talked to us at any time. I reassert that the Ecuadoreans have not shown their faces. They have never shown themselves. They make their [words indistinct]. We encounter them. We attack them and they retreat, that is, they virtually run and leave behind their mines.

[Horna] Were you able to clean up the mined area?

[Munoz] That is right.

[Horna] You cleaned it up?

[Munoz] We are cleaning up the area with engineering equipment that is arriving right now. This is how they are cleaning up the area...

[Horna, interrupting] With heavy equipment?

[Munoz] With heavy equipment, that is right.

[Horna] Would you please confirm that the Ecuadoreans are not recovering their dead?

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[Munoz] No, they do not pick up their dead.

[Horna] [words indistinct] Do they just leave them there?

[Munoz] They just leave them lying there. Those who are injured run away. They just run away.

[Horna] (?Is it true that you were wounded in battle?)

[Munoz] Yes, it is true. [end recording]

[Horna] That was an exclusive statement to Radio Programas del Peru by Cavalry 2d Lt. Roberto Munoz Arellano, aka El Gato. He received this nickname for having survived three attacks launched to recover Base Sur.

We would like to add that at the El Milagro military base in Amazonas Department there is great expectation about the eventual arrival of Democratic Constituent Congress President Jaime Yoshiyama Tanaka. This is Ismael Byron Horna, from the El Milagro base for Radio Programas del Peru.

[Announcer] Ismael, would you please describe the area where you are located right now? This is important for our listeners, who imagine this is a very thick forest. Could you tell us, please?

[Horna] Of course, Jesus Miguel. First, to enter Watch Post One we had to travel to (Imacita), which is also located in a think jungle area. There we had to rent a jeep. Tomorrow we are planning to take a speedboat and enter the Ciro Alegria base area.

To give you a better idea of this region, I would like to tell our audience that the El Milagro military base is located in El Milagro district, (Uzcubamba) Province, Amazonas Department.

This military base is the main operations center, and where the Social Security Field Hospital is located. The hospital's 104 beds are right now occupied. Hospital Director Luis Rubio has informed us that he will be holding a news conference at any time to report on the total number of injured who are found here at the El Milagro base.

[Announcer] Thank you very much, Ismael, for this interesting report, particularly your interview with the second lieutenant named El Gato for having survived three attacks. Good luck and congratulations.

El Milagro Base Chief: Ecuador Attacked Red Cross

PY1002004795 Lima Radio Programas del Peru Network in Spanish 2322 GMT 9 Feb 95

[Live telephone relay by Ismael Byron Horna from the El Milagro military base in Bagua]

[FBIS Translated Excerpt] General Vladimiro Lopez Trigoso, chief of the El Milagro military base, said that early this morning the Ecuadoran Army attacked the Red Cross installation located inside Watch Post One, PV1. The Ecuadoran troops attacked with mortar shells and long-range projectiles, but there were no casualties or major damage. Gen. Lopez Trigoso condemned this action, as Ecuadoran forces had not respected this international medical organization. He added that the Peruvian Army is moving ahead gradually but surely to recover Tihuinza. He said Tihuinza is surrounded by our troops despite the torrential rain, which is not obstructing the mission of the Peruvian soldiers. Gen. Lopez Trigoso said: We are getting close to Tihuinza, but we should not underestimate the Ecuadoran troops because they are not crippled, although they are not posing much resistance. Gen. Lopez reiterated that the main enemy at the El Milagro military base and on the front lines is the jungle and the weather, which make the progress of the Army a little difficult.

Regarding Ecuadoran casualties, Gen. Lopez said there are many Ecuadoran soldiers killed in combat whose bodies are in Peruvian territory. Doctor Luis Rubio, chief of the Social Security Field Hospital installed at the El Milagro base, said that in the last 14 days since the fighting began to evict the Ecuadoran troops from national territory, his field hospital has treated 120 patients, of whom 30 percent were soldiers with wounds from bullets, grenades, and mines, while 60 percent were treated for illnesses caught on the front lines such as diarrhea, fungus, insect bites, and food poisoning. [passage omitted]

Doctors Depart for Front; Mirage Planes Overfly Bagua

PY0902152695 Lima Radio Programas del Peru Network in Spanish 1339 GMT 9 Feb 95

[Live relay by correspondent Jorge Fernandez Sanchez from Bagua]

[FBIS Translated Excerpt] [Fernandez] The latest flight by an Antonov plane took place at 1830 yesterday. The plane flew toward the coast. We know Antonov planes are due to return today as of 0900. They will continue to transport weapons and more personnel.

As we reported earlier, a group of doctors departed yesterday for the front because the wounded will no longer be taken to the El Milagro military base. Because of the urgency of war—as one officer put it—IPSS [Peruvian Institute of Social Security] doctors have had to move toward the front line. It is a two-hour flight from here to Tihuinza, 70 minutes to Base Sur, and 50 minutes to Base Sur. Thus, the wounded will be treated faster from now on. [passage omitted]

[Unidentified studio announcer] Jorge, yesterday you said you had seen Mirage planes overflying Bagua. Yesterday afternoon, President Fujimori alluded to the participation of units of the Peruvian Air Force in combat operations in Tihuinza, in the Condor Range.

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We assume the president was not referring to helicopters. What role is the Air Force playing in the conflict?

[Fernandez] Air participation here, as we have been told, is that the Mirage planes are on reconnaissance flights along the entire border of the Condor Range. We have not been told if these planes are engaging in combat operations to respond to attacks. Peruvian officers have told us here that air support was necessary to fully evict the Ecuadoran invaders from Base Sur and clear the way for the march on, and the complete takeover of Tihuinza. They noted that air support was needed to stop Ecuadoran attacks being launched from the Coangos and Banderas bases, which are in Ecuadoran territory. To attack these bases, the Peruvian Air Force would have to enter Ecuadoran territory. This would mean total war between the two nations. We have not received further information on this. As you know, Peru is fighting within its territory and to attack those bases would mean entering Ecuador.

CCD Plans To Send Delegations Abroad, to War Zone

PY0902175095 Madrid EFE in Spanish 1616 GMT 9 Feb 95

[FBIS Translated Text] Lima, 9 Feb (EFE)—It was reported here today that the Democratic Constituent Congress (CCD) has decided to send legislative delegations abroad to disseminate the Peruvian position on its conflict with Ecuador.

Following a motion yesterday—but released only today—an expanded meeting of the CCD executive board decided that the delegations will comprise congressmen of the various political groups represented in the CCD.

The approved motion authorizes CCD President Jaime Yoshiyama to appoint the delegations in coordination with the Foreign Relations Committee so that these delegates may convey "the Peruvian position on the armed conflict that broke out with Ecuador to the various congresses and multilateral parliamentary forums."

The CCD also authorized its president to appoint, in coordination with the Committee for National Defense and Internal Order, a multiparty delegation to travel to the conflict zone in the northern part of Peru "to convey CCD words of encouragement and solidarity with the Peruvian soldiers."

The CCD decision adds that the congressmen visiting the border area will also report on "needs that require legislative provision or action by the CCD." The motion also expresses the "support and encouragement" of the CCD for the soldiers who are fighiting in the conflict zone "to defend the soil of our fatherland" and declares CCD support for the Armed Forces. The CCD also reiterates that "the only way to guarantee a just and durable peace is by strictly observing the Rio de janeiro Protocol, without subterfuge, and through Peru's open willingness to complete the demarcation of a few kilometers of the border."

Peru considers the Rio de Janeiro Protocol—which was signed on 29 January 1942 and which established the Peruvian-Ecuadoran border—to be a "perfect" document that ultimately resolved the border dispute, while Ecuador contends "it is null and unworkable" because it was imposed by force.

Peruvian and Ecuadoran troops are clashing in the vicinity of the Cenepa River, in the Condor Range region, where a 78-km segment of the border—of a total of 1,700 km—remains undemarcated. Peru and Ecuador both claim this territory.

Former Peruvian Negotiator Views Conflict

PY0602145295 Buenos Aires TELAM in Spanish 1310 GMT 6 Feb 95

[Article by Julio Vullalonga]

[FBIS Translated Text] Tumbes (Peru), 6 Feb—The reasons behind the virtual failure of the negotiations by the guarantor countries of the Rio de Janeiro Protocol began during the only time it was ever implemented, in 1981, when a flash war broke out between Ecuador and Peru that concluded after a week of diplomatic negotiations.

The success in preventing a drawn-out confrontation at that time sowed the seed for a new war. The difference now is that Ecuador is not willing to lose in negotiations what it won on the battlefield 14 years ago.

Vice Admiral Jorge Du Bois Gervasi, former commander of the Peruvian Navy, former president of the Joint Command, and former Navy minister, today told TELAM-SNI that 14 years ago Peru promised to remain on the eastern side of the Condor Mountains and Ecuador on the western side.

At that time the parties accepted the cease-fire, withdrew their troops to where they had been before the conflict, and signed, individually, an agreement with the guarantors.

At that time the mediators proposed that the Armies be separated at the de facto line, in other words, at the place where Ecuador had arrived in an offensive on Peruvian territory.

This meant the demilitarized zone remained in Peruvian territory, but this was rejected by the Peruvian delegation, headed by Du Bois, who had been sent from Lima.

The former Navy chief explained that Quito violated this commitment. When they advanced on the eastern side on 26 January "it was because they were seeking confrontation."

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The vice admiral recalled that at the end of the Rio de Janeiro negotiations in 1981, he, the Ecuadoran delegate, and the guarantor country representatives jokingly said that any Peruvian soldier found on the western side of the Condor Mountains was dead, and the same would happen to any Ecuadoran soldier found on the eastern side.

Nearly 15 years later, he indicated, "I lament to see that it was a prediction, not a joke due to the stubborn rebelliousness of the Ecuadorans."

He explained that the refusal of Ecuador on 5 February to sign the document that had been drafted by the guarantors, and which had been accepted by Peru, is understandable because the document "proves us to be in the right."

Referring to offers to take the negotiations to the OAS or even to the UN Security Council, he believes there is no "higher authority" than the Rio de Janeiro Protocol to settle the conflict.

Du Bois indicated that the current armed confrontation is "somewhat positive" for Peru because Ecuador had to accept the intervention of the guarantors which now, with the refusal to sign the document, puts Quito in a difficult diplomatic situation.

Du Bois is considered a national hero because his negotiations in Rio de Janeiro in 1981 achieved that Peruvian troops did not have to retreat, while the Ecuadoran troops did.

The vice admiral's position since the beginning of the conflict and the beginning of the meetings in Rio de Janeiro is that his country must remain firm in defense of the Rio de Janeiro Protocol, which is the only possible way to negotiate an end to the fighting.

Presidential Candidates Urge Fujimori To End Hostilities

PY0802180295 Lima Radio Programas del Peru Network in Spanish 1540 GMT 8 Feb 95

[FBIS Translated Text] Sixtilio Dalmau Leon, presidential candidate for the New Peru Movement, is expected to arrive here at government house in a few minutes. Dalmau will deliver a document signed by several presidential candidates appealing for an end to hostilities on the border with Ecuador.

Meanwhile, President Alberto Fujimori's agenda remains open.

MRTA Takes Over District Left Unprotected by War

PY0902213395 Lima Radio Programas del Peru Network in Spanish 1907 GMT 9 Feb 95

[Live telephone relay by Ismael Byron Horna from the El Milagro military base in Bagua]

[FBIS Translated Text] A terrorist column of 25 or 30 subversives who allegedly belong to the MRTA [Tupac Amaru Revolutionary Movement] have taken over Chontali District in Jaen Province. According to Jaen Mayor Oscar Ahumada Torres, one person was killed in the operation.

The terrorist group attacked the Chontali police post and burned the police post files. This surprise attack on Jaen Province was conducted after the province was left without police protection, as the Peruvian Army High Command had requested police support to guard the oil pipeline in the northern region.

[Begin recording] [Ahumada] Yes, all the National Police [PNP] personnel have been detached to different points. Terrorists took over Chontali District yesterday.

[Horna] Would you please repeat the name of the district?

[Ahumada] Chontali. The situation is getting more complicated, because while on one side we are battling our Ecuadoran neighbors, on the other anti-Peruvian terrorists are also attacking. Thus they are virtually supporting Ecuador. We categorically reject this. We believe that the Peruvian Army, the PNP, and the government should adopt the necessary measures to once and for all end this situation.

[Horna] Are you at the El Milagro base to request Army support to counterattack the terrorists and arrest them?

[Ahumada] What I am telling you is that things are getting complicated because we are persecuting people and also being attacked. Things are getting complicated. I believe that to distract people from the battle on the border and assign them over here would be odd...

[Horna] Yes, but how would you solve this problem?

[Ahumada] We will discuss the issue with the general and the PNP. We will protect the districts in this province at any cost. [end recording]

That was Jaen Province Mayor Oscar Ahumada Torres, who confirmed that a terrorist column of about 25 or 30 subversives allegedly belonging to the MRTA have taken over Chontali District, in Jaen Province, and that one person was killed.

Analysis Examines Similarities, Differences With Mexican Economy

PY0902202295 Lima EL COMERCIO in Spanish 29 Jan 95 p E4

[FBIS Translated Text] A growing deficit in the trade balance, which is being financed by a surplus in the capital balance; the loss of foreign currency in foreign trade; and the lack of a stable source of foreign currency, are similarities observed between the Peruvian economy and the Mexican economy, which is now facing a crisis.

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The above conclusions are included in a report prepared by the Macroconsult organization regarding the Mexican economic situation and its impact on Peru.

According to Macroconsult, there are similarities between the two economies, especially on the external front. The report cites, for instance, the fact that the Peruvian trade balance was negative between 1990 and 1993, and that this negative trade balance has increased by 240.2 percent "primarily as a result of the increase in the import of consumer goods."

Macroconsult also analyzes the status of the Peruvian current account deficit in terms of percentage of the Gross Domestic Product (GDP). The report says that "according to the Central Reserve Bank [BCR], the deficit in 1993 accounted for 6.3 percent of the GDP, which was slightly lower than the 8 percent deficit in Mexican current accounts."

In addition to this negative situation, Macroconsult notes the fact that the loss of reserves has been financed through short-term and long-term capital loans that have entered Peru since the stabilization plan started in 1990.

Regarding the lack of a stable source of foreign currency, the report notes that part of the incoming capital "has a high level of liquidity, which also entails a potential risk to the current accounts."

While there are similarities, there are also significant differences between the two economies.

Regarding the differences, Macroconsult states that "while the ratio between the Mexican currency and its international reserves has markedly increased in recent months, to the point of reaching an 11 to 1 ratio, the liquidity measured in terms of the Peruvian currency has not doubled the amount of its international reserves, and the monetary base accounts for one-sixth of these reserves."

The report states that based on this situation, the possibility of a speculative run decreases because the BCR has a comfortable margin of action.

Another difference stems from the stabilization strategies used by Mexico and Peru.

Macroconsult notes that the Peruvian stabilization strategy is based "at least nominally on a monetary anchor—declining goals as far as money issuance is concerned—while the Mexican strategy is based on an exchange anchor."

The report adds that "the sharp imbalance between the amount of pesos and dollars in the Mexican economy became a driving force that quickly exerted pressure for a devaluation, which was temporarily delayed through the government's exchange policy."

Regarding Peru, the report says that here "although there is a supervised floating system for the exchange rate, the BCR has not openly committed itself to intervening to maintain a specific exchange rate between the dollar and the new sol."

A third difference between Peru and Mexico noted by Macroconsult is that Mexico has no problems in the area of public finances.

While a large percentage of the Mexican foreign debt consists of domestic debt instruments with a not too long maturity schedule, and a good portion of the debt is in the hands of foreigners, the Peruvian public domestic debt market is practically nonexistent because the bulk of its debt is in foreign hands.

All these considerations, Macroconsult said, make it necessary to create a durable source of foreign currency that would support the long-term growth of the economy "despite speculative pressure and political developments."

Finally, Macroconsult said that the Mexican crisis has clearly caused the risk level of the region to rise, a fact that will probably result "in a decrease in the capital flow to countries in the region and an increase in the cost of these resources, which will in turn result in a slowing down of the economic expansion reported in recent years."

Perez de Cuellar Hails Decision To Lift State of Emergency

PY0602210695 Lima EL COMERCIO in Spanish 25 Jan 95 p A4

[FBIS Translated Text] Javier Perez de Cuellar, presidential candidate for the Union for Peru (UPP) movement, hailed the decision to lift the state of emergency in various areas of the country before the general elections slated for April 1995.

Commenting on the announcement to this effect made by Peruvian Defense Minister General Victor Malca Villanueva to Santiago Murray, chief of the OAS observers' mission, Perez de Cuellar said: "I have been asking for this for a long time."

He emphasized that the state of emergency should be lifted nationwide to make sure that the elections will be clean and open.

Perez de Cuellar also talked about the objections raised against three UPP candidates for Congress. "The UPP respects the decision of the National Electoral Board. The candidates from other groups should follow suit."

Asked whether he will continue to report possible fraud in the electoral process, Perez de Cuellar said that he will not change his position. "I insist there could be fraud," he stated.

He explained that he had supplied written evidence of this to OAS observers.

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Perez de Cuellar uttered these remarks shortly before boarding a plane for Pucallpa, where he will launch a new phase of his electoral campaign.

State of Emergency Extended in Huanuco, Loreto

PY0802001895 Lima Radio Programas del Peru Network in Spanish 1800 GMT 7 Feb 95

[FBIS Translated Text] According to a decree published in the official gazette, upon a request from the Armed Forces Joint Command the government has extended until 7 April the state of emergency in Huanuco Department. The exceptions in this department are Puerto Inca and Dos de Mayo Provinces and the district of Huacrachuco. The state of emergency is also extended in the region of San Martin and the district of Yurimaguas in Alto Amazonas Province, Loreto Department.

Individual rights are therefore suspended related to home privacy, movement within national territory, holding peaceful meetings without weapons, and not being liable to arrest unless through a warrant issued by a judge, or by the police in cases of flagrant crime.

The Armed Forces will guarantee internal order and will intensify operations against narcoterrorism until this part of national territory is pacified.

Venezuela

Fogade Lacks Resources To Cover Transfers of Deposits

PA0902140395 Caracas EL NACIONAL in Spanish 7 Feb 95 p D-8

[Article by Fabiola Sanchez]

[FBIS Translated Text] The Deposit Guarantee and Banking Protection Fund (Fogade) lacks the necessary liquid resources to cover the total transfers of deposits from the Italo Venezolano, Profesional, and Principal groups, official sources said.

According to estimates of the Emergency Finance Board (JEF), Fogade is short by 50 billion bolivares and is currently unable to cover it. These funds are necessary to make payments for all the customers of the Italo Venezolano, Profesional, and Principal groups, which amount to 160 billion bolivares.

Deposits of the Italo Venezolano group in the amount of 76 billion bolivares, belonging to 350,000 clients, were transferred to Banco Latino. The Venezuela bank received deposits for 14 billion bolivares belonging to 23,000 clients of the Profesional, while the Consolidado received deposits from the Principal for 70 billion bolivares, belonging to 280,000 clients.

The JEF is concerned that if depositors of the three nationalized financial groups come between today and Friday to withdraw their deposits from the Latino, Venezuela, and Consolidado banks, these institutions would not have sufficient liquid resources to pay them.

To compensate for part of the financial and administrative costs involved in the process of transferring the accounts, JEF members agreed last week to transfer the assets of the three nationalized financial groups to the Latino, Venezuela, and Consolidado banks.

It has been estimated that the aggregate assets of the Italo Venezolano, Profesional, and Principal groups amount to 150 billion bolivares.

The assets of the Italo Venezolano to be transferred include office buildings owned by the bank worth 2.673 billion bolivares; other real estate worth 1.364 billion bolivares; other assets worth 7.677 billion bolivares; credit portfolios worth 11.743 billion bolivares; investments in securities worth 9.270 billion bolivares; and investments in securities guaranteed by the state worth 7.699 billion bolivares.

The package of assets of the Profesional to be transferred include office buildings owned by the bank worth 633 million bolivares; other real estate worth 285 million bolivares; other assets worth 2.008 billion bolivares; credit portfolios worth 2.138 billion bolivares; investments in securities worth 4.339 billion bolivares; and securities guaranteed by the state worth 4.068 billion bolivares.

The Principal group total assets are worth 30 billion bolivares, of which 22.266 billion bolivares make up the credit portfolio.

To settle part of the obligations the Latino, Venezuelan, and Consolidado banks should assume, Fogade is considering the possibility of handing them part of the credit portfolios of the intervened banks that amount to 110 billion bolivares and a block of bonds.

To these debts, we would have to add those that resulted from the transfer process of Banco Progreso, which represented approximately 120 billion bolivares and were paid entirely by the Latino, Consolidado, Venezuela, Industrial de Venezuela, and Republica banks.

Fogade President Calls Financial Situation 'Catastrophic'

PA0902142195 Caracas EL UNIVERSAL in Spanish 7 Feb 95 Section 1 p 9

[Report by Carmen Carrillo]

[FBIS Translated Text] In a report she presented to the National Committee of Copei [Social Christian Party], Norys Aguirre, president of Fogade [Deposit Guarantee and Banking Protection Fund], described the national financial situation as catastrophic.

She was received after 1200 hours and in her written statement she dramatically explained the national financial situation.

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She said a decision has yet to be made on the fate of the banks under state control, nationalized, and intervened.

On this point, she referred to the issue of the enterprise that will recover or liquidate the assets from the banks being placed under state control.

The Copei members asked why an asset recovery enterprise has to be created if the Venezuelan Investment Fund [FIV], which does not have many responsibilities at this time, could take over that function.

Aguirre said that possibility had been explored but had been discarded because the FIV is shedding those activities and will transfer such responsibilities to the asset recovery enterprise.

The Social Christians heard the report and indicated they are willing to cooperate but the government contradicts itself every day.

As an example, they mentioned the remarks by Deputy Finance Minister Luis Xavier Grisanti who on Tuesday of last week said no more banks would be placed under state control, but that same day it was announced that three more banks were being placed under state control.

As this dialogue was taking place, during the question and answer period the Copei National Committee received news about the resignation of Finance Minister Julio Sosa and his replacement by Luis Raul Matos Azocar.

It was noted by Copei members that at least Julio Sosa was viewed with trust by what is left of the Venezuelan banks and foreign investors and that the resignation only added one more element of concern to the already difficult picture.

Those asking many questions during the committee meeting included Humberto Calderon Berti, Agustin Berrios, Mireya Rodriguez, Haydee Castillo, Isolda Salvatierra, and Edgar Flores, among others.

The conclusion was that Copei is willing to cooperate with the government to find a solution to the financial crisis but the government must have a clear strategy to implement.

Roundup of Economic Developments

PA0902233995

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 9 February.

According to the Central Statistics and Data Processing Office, OCEI, investments in Venezuela in 1994 totaled $8.017 billion, a 28.9 percent drop compared to 1993. The OCEI Economic Statistics Directorate reported that investments in machinery and equipment accounted for $2.467 billion or 30.8 percent of total investments, followed by chemical products, 13.9 percent; metals, 12.1 percent; agriculture products, 8.1 percent; food products, 7.9 percent; and tobacco, 5.4 percent. According to the report, 66 percent of the imports came from the United States, Germany, Japan, Colombia, Italy, Brazil, and France. (Caracas EL NACIONAL in Spanish 2 Feb 95 p D-11)

Foreign Exchange Board Coordinator Luis Raul Matos has reported that Venezuela's international reserves remain at $12 billion. He explained that the country's operating reserves total $7 billion. The official asserted that the Foreign Exchange Board issued a resolution establishing a special payment system for obligations acquired prior to 22 June 1994. The resolution will be valid for all Latin American Integration Association countries. (Caracas EL GLOBO in Spanish 2 Feb 95 p 12)

The Foreign Investments Authority, Siex, has announced that foreign investment in the capitals market in 1994 reached $501 million. Most of the investments were earmarked for the purchase of stock in C.A. La Electricidad de Caracas, Sivensa, Vencemos, Sudamtex, Corimon, and Venprecar. According to the Siex, most foreign investment came from the United States, with 92 percent of the total, followed by the UK with 4 percent, and Canada, France, and Belgium with 1 percent each. The Ministry of Finance reported that new foreign investments in Venezuela for 1994, other than the capital market investments, totaled $631 million. (Caracas ECONOMIA HOY in Spanish 3 Feb 95 p 9)

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